

# Single Business Tax



## Forms and Instructions

### ***Important Information for 2001 . . .***

**Tax Amnesty** available in Spring 2002. See Page 2.

**Internet Filing for C-8030.** The Single Business Tax Notice of No Return Required (Form C-8030) can now be filed via the Internet. See page 3 for more information.

***Single Business Tax (SBT) Continues to be Reduced.*** The SBT tax rate will continue to be reduced by 0.1 percent annually from its 1998 rate of 2.3 percent. The tax rate reduction, which began January 1, 1999, will continue until the SBT is completely phased out over 23 years. For tax years ending December 31, 2001, the tax rate is 2.0 percent.

***Calendar year 2001 returns are due April 30, 2002.*** Fiscal year filers, see page 7 of the general instructions.

**For more information, see page 3 or visit our Web site at [www.treasury.state.mi.us](http://www.treasury.state.mi.us)**

#### **For questions or information, contact us at:**

Customer Contact Division  
Single Business Tax Unit  
Michigan Department of Treasury  
Lansing, MI 48922  
517-373-8030

# Tax Amnesty

## Tax Amnesty Defined

On November 26, 2001, Public Act 168 was signed into law authorizing the Revenue Commissioner to waive all criminal and civil penalties provided by law for:

- Failing or refusing to file a return, or
- Failing to pay a tax, or
- Making an excessive claim for a refund of a tax administered under the Revenue Commissioner of the Department of Treasury, or
- Nonpayment of tax previously determined to be due.

### To qualify for Amnesty a taxpayer must:

- Make a written request for a waiver, and
- File a return or an amended return, and
- Make full payment in either a lump sum or installments of the tax and interest due for any prior tax year.

**The Commissioner will not waive criminal and civil penalties** if any of the following circumstances apply:

- The tax is attributable to income derived from a criminal act,
- The taxpayer is under criminal investigation or involved in a civil action or criminal prosecution for that tax, or
- The taxpayer has been convicted of a felony under the Revenue Act or the Internal Revenue Code of 1986.

## Qualifying Taxes and Tax Years

Amnesty is available for taxes due before June 1, 2001. Taxes include individual income, estate inheritance, intangibles, sales, use, withholding, single business, aviation fuel, diesel, gasoline, liquified petroleum gas, marine fuel, motor carrier diesel, cigarette, other tobacco products, public utility property and severance.

## Filing Period for Amnesty

The State Treasurer has designated May 15, 2002 through July 1, 2002 as the filing period for tax amnesty.

## Installment Payments

An individual taxpayer owing more than \$10,000, or a non-individual taxpayer owing more than \$100,000, may pay tax and interest due in installments if the taxpayer meets one of the following:

- The taxpayer is an individual and submits the greater of \$10,000 or 50 percent of the tax and interest due with the request for waiver and pays the remaining tax and interest due in two equal installments, the first installment due no later than August 15, 2002 and the second installment due no later than September 16, 2002. Taxpayers owing less than \$10,000 do not qualify for installment payments.
- The taxpayer is a non-individual and submits the greater of \$100,000 or 50 percent of the tax and interest due with the request for waiver and pays the remaining tax and interest due in two equal installments, the first installment due no later than August 15, 2002 and the second installment due no later than September 16, 2002. Non-individual taxpayers owing less than \$100,000 do not qualify for installment payments.

## Additional Penalty for Failure to File During Amnesty Filing Period

A taxpayer who is eligible for amnesty and who does not apply for amnesty during the amnesty filing period is liable for an additional penalty equal to 25 percent of tax due. This penalty is in addition to any other interest or penalty due.

## Voluntary Disclosure

If the taxpayer is eligible to enter into a voluntary disclosure agreement, an amnesty request will be treated as a voluntary disclosure request. Visit our Web site for more information on voluntary disclosure.

**For more information,  
visit our Web site at  
[www.treasury.state.mi.us](http://www.treasury.state.mi.us)  
or call our toll free number  
1-866-410-0002.**

# Important Information for 2001

**Internet Filing for C-8030's** – The *Single Business Tax Notice of No Return Required* (Form C-8030) can now be filed via the Internet. This is a quick and easy way to file Form C-8030, and you will be notified immediately that your form was submitted. We provide easy on-line instructions to guide you through the process and links to various Michigan Department of Treasury Web pages. You may file Form C-8030 on-line 24 hours a day, 7 days a week. Access the new C-8030 screens for Internet filing at: [www.treasury.state.mi.us](http://www.treasury.state.mi.us)

We encourage you to use this electronic technology to file your C-8030. The C-8030 is still available in paper form in this booklet, and can be obtained from the sources listed on page 8.

**Tax Rate Reduction Continues** - The single business tax rate will continue to be reduced by 0.1% annually as long as the State's Rainy Day Fund reports an ending balance of more than \$250 million for the previous fiscal year. Blended rates are required for fiscal year end taxpayers.

## Changes to the Tax Rate for Tax Years Ending 12/2001 Through 12/2002\*

Year End	Tax Rate
12/2001	2.0%
1/2002	1.9916
2/2002	1.9833
3/2002	1.975
4/2002	1.9666
5/2002	1.9583
6/2002	1.95
7/2002	1.9416
8/2002	1.9333
9/2002	1.925
10/2002	1.9166
11/2002	1.9083
12/2002	1.9

\*These rates assume that the tax rate will change to 1.9% as of January 1, 2002.

Do not use this chart if your tax year is less than 12 months. Instead, figure the number of months at the old rate and the number of months at the new rate.

**P.A. 477 of 2000** – P.A. 477 of 2000 amended the definitions of “gross receipts” and “sales” for Single Business Tax purposes for tax years beginning on or after January 1, 2001. Gross receipts means the entire amount received from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to yourself or to

others, with certain exceptions. Use the Gross Receipts Checklist on page 11 or 19 as a guide in determining gross receipts. The worksheets on page 16 may also be used to help determine gross receipts and business income. These worksheets may not be all inclusive to all taxpayers. There may be additional amounts that are included in gross receipts for Single Business Tax purposes that may not be picked up for federal purposes. For more information on “sales,” see the instructions for *SBT Apportionment Formula* (Form C-8000H), page 35. A Revenue Administrative Bulletin will be issued to further explain P.A. 477.

**P.A. 69 of 2001 - Michigan Historic Preservation Tax Credit.** P.A. 69 of 2001 eliminated the sunset date for the Michigan Historic Preservation Tax Credit. This credit provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate an historic resource located in the State of Michigan. For more details see the instructions for *SBT Miscellaneous Credits* (Form C-8000MC) on page 51.

**Changes to Section 7 and Section 9 of the Single Business Tax Act** address the treatment of royalties, fees, and other payments or consideration paid by a franchisee to a franchisor for tax years beginning after December 31, 2000. **Section 7** excludes such payments from the definition of “sale” or “sales” for the purpose of calculating the tax liability of the franchisor, if the payments were received as consideration for the use of intangibles outside the state. For more information, see instructions for *SBT Apportionment Formula* (Form C-8000H) on page 35. **Section 9** includes such payments in the tax base of a franchisor instead of the franchisee. For more information, see instructions for *Single Business Tax Annual Return* (Form C-8000), on pages 12 and 13.

**The addition of Section 39d to the Single Business Tax Act** allows a taxpayer to claim a credit against the tax equal to \$1 per long ton of qualified low-grade hematite pellets consumed in an industrial or manufacturing process that was the business activity of the taxpayer. The credit is available for tax years beginning after December 31, 2000 and is based on hematite consumed on and after January 1, 2000. This credit is nonrefundable but the credit that exceeds the tax liability may be carried forward for five tax years. For more information, see instructions for *SBT Miscellaneous Credits* (Form C-8000MC) on page 52.

## GENERAL INFORMATION

### Single Business Tax

The Single Business Tax (SBT) is the only general business tax levied by the State of Michigan. It was enacted in 1976 to replace several previous business taxes including the corporate net income tax. The SBT replaced profits-based taxation with value added taxation.

### Before You Begin

This combined booklet includes the forms and instructions for all single business tax filers. The areas that apply only to a particular organization type are identified with a bullet and by bolding the organization type.

Example:

- **Corporations**
- **Individuals**

The forms are designed for the calendar year 2001 or for fiscal years beginning in 2001.

Before preparing your SBT return, complete all federal tax forms. These forms may include:

- **Individuals, Partnerships or Fiduciaries** - U.S. 1040, 1041, 1065 and related *Schedules C, C-EZ, D, E, K* and 4797
- **Corporations** - U.S. 1120, 1120A, 1120S and *Schedule K*, and U.S. 940.
- **Limited Liability Companies (LLC)** - federal forms listed above depending on how you have elected to file your federal return.

You will need to reference these federal forms to complete your Michigan SBT return.

### How Do I Use This Booklet?

Read the General Information. Then review the table on page 74 to help you determine which forms and schedules you need to file.

To help you determine your gross receipts and business income, use one of the worksheets on page 16. Select the appropriate worksheet based on the organization type of the business.

### What Is Business Activity?

**Taxable business activity** includes:

1. sale or rental of property, whether the property is real, personal, tangible or intangible.

For example:

- rental of a house or lease of a car;
- sale or rental of property used in a business activity (e.g., the sale of an income-generating apartment complex).

2. performance of services for gain, including services performed outside Michigan.

For example:

- services provided by an independent contractor (e.g., a building contractor or plumber).

**Nontaxable business activity** includes:

1. services provided by an employee to his or her employer only;
2. services as a director of a corporation;
3. a casual transaction (e.g. sale of personal residence).

### Who Must File an SBT Annual Return?

Every person who is engaged in business activity in Michigan and whose **adjusted gross receipts** are \$250,000 or more must file an annual return. Adjusted gross receipts means gross receipts plus recapture of the capital acquisition deduction. For companies doing business outside Michigan, it means apportioned gross receipts plus recapture of the capital acquisition deduction. See *SBT Reductions to Adjusted Tax Base* (Form C-8000S), page 53, Part 2, lines 9-13 for calculation. In these instructions, **person** means an individual, firm, bank, financial institution, limited partnership, copartnership, partnership, joint venture, association, corporation, receiver, estate, trust, limited liability company or any other combination acting as a unit for business purposes.

If your **business operated less than 12 months**, annualize your gross receipts to determine if you should file. See page 6 for more information.

**If you are a member of an affiliated group, a controlled group of corporations or an entity under common control**, the group must sum its members' adjusted gross receipts on *SBT Adjusted Gross Receipts for Controlled Groups* (Form C-8010AGR), page 61, to determine if members of the group need to file. Do not include members whose adjusted gross receipts are less than \$100,000; these members are not required to file an SBT return. If the sum of the members adjusted gross receipts are \$250,000 or more, all members with adjusted gross receipts that equal \$100,000 or more must file an annual return.

Members whose adjusted gross receipts are less than \$100,000 must include their business activity when computing a small business credit on the *SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups* (Form C-8009). These members must also include their adjusted gross receipts to determine the group's Investment Tax Credit adjusted gross receipts percentage.

If adjusted gross receipts are below the filing requirement, there is no legal obligation to file a return. If you are registered for SBT, you may want to notify the Department of Treasury officially that you do not have a liability to prevent any inquiries by the Department. Filing a *Single Business Tax Notice of No SBT Return Required* (Form C-8030), may avoid further correspondence from the department. However, if the department is not expecting a return, there is no need to file. Form C-8030 does not constitute a return, and does not affect the statutory limitation period for refunds or assessments.

- **Unincorporated businesses - A husband and wife** who file their U.S. 1040 as “married filing jointly,” but own separate businesses, maintain separate records and file separate federal *Schedule C* forms, must file separate SBT returns. If a husband and wife have jointly-owned rental property and file a federal *Schedule E*, a separate SBT return must be filed for the jointly-owned rental property. The SBT return for the jointly-owned property must be reported as part of a controlled group with at least one spouse’s SBT return.
- **Individual - If you own more than one business that is registered as individual** (e.g., you own a grocery store and rental property), file one SBT return and use the combined adjusted gross receipts to determine filing requirements.
- **Joint ventures** and other groups engaged in a business as a unit (e.g., real estate owned jointly by two individuals who have not treated their relationship as a partnership) must file an annual return as a partnership. This does not include husband/wife ventures.
- **Fiduciaries** filing for estates or trusts engaged in business activity must file an SBT return and report the total business activity. Beneficiaries are not required to file an SBT return or pay the tax on their distributive shares. If a grantor trust is engaged in business, the grantor or owner must file. To determine credits, follow the guidelines for individuals.

**Reminder:** Partners and shareholders may have to pay tax on their share of income from a partnership or S-corporation. For a partner or shareholder who is an **individual**, this share of business income is taxed under the Michigan individual income tax act. For a **partner or shareholder who is a business, not an individual, subject to SBT**, this income must be subtracted (add losses) on the SBT annual return filed for the corporation or other partnership to the extent that it was included in arriving at business income.

Exception: If this partner/shareholder has no Michigan business activity other than its interest in the partnership or S-corporation, the partner/shareholder itself is not subject to SBT and is not required to file a return.

## Who Is Exempt from the SBT?

The following may be exempt from the single business tax:

1. most persons who are exempt from federal income tax under the IRC;
2. nonprofit cooperative housing corporations;
3. farmers producing agricultural goods. For more information request *Revenue Administrative Bulletin (RAB) 1989-47*.

If you are exempt, but have unrelated business income as defined in the IRC, that income is subject to the SBT and a return will be required if the adjusted gross receipts are \$250,000 or more.

For a complete list of exemptions, consult a copy of the SBT Act (P.A. 228 of 1975, as amended).

If you are exempt, and have no unrelated business income, you are not required to file an SBT return. If you wish to be removed from our mailing list, please contact the Treasury Registration Section at 517-373-0888 to discontinue your account.

## Which Form Should I File?

**Adjusted gross receipts** means gross receipts plus recapture of the capital acquisition deduction. For companies doing business outside of Michigan, it means apportioned gross receipts plus recapture of capital acquisition deduction.

### File If:

C-8030 - You are registered for SBT and your adjusted gross receipts are less than \$250,000, you are not claiming a refund, you do not intend to use a loss carryforward from this or previous years, and you do not have an Investment Tax Credit. Form C-8030 does not constitute a return.

C-8044 - Your adjusted gross receipts are less than \$250,000 and you wish to claim a refund only, skip lines 10 - 16 and 22 - 25; OR

- your adjusted gross receipts are \$250,000 or more, you meet the criteria on the form and you are using the alternate tax rate.

**File Form C-8000** if you are apportioning your business activity.

C-8000 - Your adjusted gross receipts are \$250,000 or more; OR

- your adjusted gross receipts are less than \$250,000 and you wish to claim a refund; OR

- your adjusted gross receipts are less than \$250,000 and you are reporting a business loss carryforward or using a business loss from a preceding year; OR

- your adjusted gross receipts are less than \$250,000 and you want to claim an Investment Tax Credit; OR
- you want to calculate the alternate tax but must use the reduced credit; OR
- you are a member of a controlled group and your adjusted gross receipts are equal to or greater than \$100,000.

The C-8000 is the only form which will guarantee the calculation of the lowest tax liability. This list does not cover all situations. See the instructions for each form for more information.

### Who Must File SBT Quarterly Tax Estimates?

If you expect your annual SBT liability to be more than \$600, you must file quarterly estimates. If your tax year was less than 12 months, e.g., you opened or closed a business during the year, annualize the tax to see if you must file estimates.

The Department of Treasury sends personalized quarterly forms (Form C-8002) to each registered estimate filer, except those who pay SBT using the *Combined Return for Michigan Taxes*. You can speed the posting of your account and improve the accuracy of your payment information by using your personalized forms or by requiring your tax preparer to use them. Do not duplicate personalized forms or use a form that has someone else's name on it.

If you had business activity in Michigan in 2001 and your 2001 tax is \$20,000 or less, you may use the amount of your 2001 tax liability as the estimate for your 2002 annual tax. To avoid penalty and interest, divide your 2001 tax by 4 (e.g.,  $\$20,000 \div 4 = \$5,000$ ) and pay that amount by each of the 2002 quarterly due dates. You may also divide the amount by 12 and pay it with your monthly sales, use or withholding tax payment (e.g.,  $\$20,000 \div 12 = \$1,666.67$ ).

If your previous tax year was less than 12 months, annualize the previous year's tax liability to determine if estimates are due and the amount due.

If you had business activity in Michigan in 2001 but reported no tax liability or were not required to file a 2001 return, estimated payments are not required for 2002. If you made estimated payments during 2001, and later determine that your adjusted gross receipts do not meet the filing requirements, file an annual return to claim a refund or credit forward of your payments.

**Amending estimates.** If, after making payments, you find that the estimated tax is substantially different than you originally estimated, recompute the tax and adjust your payment in the next quarter.

### How Do I File If My Tax Year is Less Than 12 Months?

Your annual return must be filed for the same period as your federal income tax return. If your business operated less than 12 months you must annualize to determine which forms to file and your eligibility for a standard small business tax credit or the alternate tax. Annualized business income will also determine the amount of your unincorporated credit. Do not use annualized numbers on your return; use them only to determine filing requirements and qualifications for credits.

**To annualize:** Multiply each amount, total gross receipts, business income, and shareholder's, officer's and partner's income by 12 and divide the result by the number of months the business operated. You are considered in business for one month if the business operated for more than half the days of the month.

1. If annualized adjusted gross receipts (annualized apportioned gross receipts plus recapture) are \$250,000 or more, you must file an annual return. Annualized adjusted gross receipts plus Investment Tax Credit (ITC) recapture are also used to determine the ITC adjusted gross receipts percentage for the year. If annualized gross receipts are more than \$10,000,000, you are not eligible for the standard small business credit or the alternate tax.
2. Annualize shareholders', officers' and partners' compensation and share of business income. If any shareholder or officer has annualized allocated income more than \$115,000 after loss adjustment, or any partner has a distributive share more than \$115,000 on C-8000KP, column E; or C-8000KC, columns K or M, you are not eligible for the standard small business credit or the alternate tax. If annualized allocated income or distributive share is more than \$95,000 but not more than \$115,000, the annualized figure will determine the reduction to the small business credit.
3. Annualize business income to determine the credit percentage used to compute the unincorporated/S-corporation credit. If the annualized adjusted business income after loss adjustment is more than \$475,000, you are not eligible for the standard small business credit or the alternate tax.

You must also **prorate** the statutory exemption, including increased exemptions. Use the *SBT Statutory Exemption Schedule* (Form C-8043).

- **Individuals** - A business registered as individual that is in business less than 12 months is not required to annualize.

However, the statutory exemption must be prorated for the number of months of business activity reported. Complete lines 11 and 12 of Form C-8043.

## Who May File Consolidated?

- **Corporations - An affiliated group of corporations may file a consolidated or combined return only with prior approval from the Commissioner of Revenue.** To request approval, file a *Request for Consolidated or Combined Filing* (Form C-8007) before the due date of the annual return. This form is available on the Michigan Department of Treasury Web site at [www.treasury.state.mi.us](http://www.treasury.state.mi.us) or by calling 1-800-FORM-2-ME (1-800-367-6263). See RAB 1989-49 for additional information.

## When Is My Return Due?

Annual returns are due on or before the last day of the 4th month after the end of your tax year. For example: A return for calendar year 2001 is due April 30, 2002. A return for a fiscal year ending March 31, 2002, is due July 31, 2002.

## What if I Need More Time to File?

If additional time is needed to file your annual tax return, request a Michigan extension by filing an *Application for Extension of Time to File Michigan Tax Returns* (Form 4).

Filing a federal extension request with the Internal Revenue Service (IRS) does not automatically grant you a Michigan SBT extension. The IRS does not notify state governments of extensions. If you do not receive an approved Michigan extension, penalty and interest will accrue on the tax due.

Your extension application must be postmarked on or before the original due date of your annual return.

Although the Michigan Department of Treasury will grant extensions for filing SBT returns, it will not extend the time to pay. Extension applications received without proper payment **will not be processed**. Penalty and interest will accrue on the unpaid tax from the original due date of the return.

If you have properly filed and paid estimates, and included this amount on the extension application, we will accept your estimates as payment on a tentative return and an extension may be granted. It is important that you complete the application correctly.

Once we receive your application and payment, Michigan will grant you an extension for the same

length of time as your federal extension, if applicable, plus 60 days. If you do not have a federal extension, we will grant an additional 180 days to file.

For example, if an SBT extension is granted, a 2001 calendar-year filer who requests a Michigan extension and also has a federal extension, has an SBT return due date of December 31, 2002. The same filer without a federal extension has an SBT due date of October 31, 2002.

You will receive a written response at your legal address on file when we receive a valid extension application.

If you file your SBT extension on time but the total payments received by your original due date are less than 90% of your tax liability, a 10% negligence penalty may apply.

**Important: If you owe no tax**, you do not need to file an extension with Michigan by the due date of the return **to avoid penalty and interest**. However, without an approved extension, you must file your annual return as soon as the information is available to do so.

An extension of time to file will also extend the statute of limitations to amend a return.

## How Do I Amend My Return?

If you need to amend a current annual return, you may complete either Form C-8000X or C-8044X. Forms are available on the Michigan Department of Treasury Web site at [www.treasury.state.mi.us](http://www.treasury.state.mi.us).

If you are amending an annual return for a year before 1995, use the appropriate year's return, and print **"AMENDED"** at the top. Forms can be obtained by calling: **1-800-FORM-2-ME** (1-800-367-6263).

If you are amending your return to claim a refund, you must file within four years of the due date of the original return. Interest will be paid beginning 45 days after the claim is filed or the due date, whichever is later.

If you are amending your return and there is a deficiency, penalty and interest may apply from the due date of the original return.

If any changes are made to your federal income tax return that affect your SBT tax base, you must file an amended return. To avoid penalty, you must file the amended return within 120 days after the final determination by the IRS.

## How Do I Compute Penalty and Interest?

**Annual returns** filed late or without sufficient payment of the tax due are subject to a penalty of 5 percent of the tax due per month plus interest. Maximum penalty is 50 percent of the tax due.

**Estimated returns** not filed or filed after the due date are subject to a penalty of 5 percent of the unpaid tax per month. Maximum penalty is 50 percent of the estimated tax due. If you underpay your estimate, a penalty of 10 percent for negligence or 25 percent for intentional disregard may apply. Treasury will bill you for penalties due under these circumstances.

You may compute penalty and interest for underpaid estimates using *SBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form C-8020) on page 63. If you prefer not to file this form, Treasury will compute your penalty and interest and bill you.

The interest rate varies with the filing period. Use the chart below to find the interest rate that applies to you. A new interest rate is set at 1 percent above the prime rate for each 6-month period.

Beginning date	Rate	Daily Rate
January 1, 2002	8.0%	.0002192
July 1, 2001	10.1%	.0002767
January 1, 2001	10.4%	.0002849

For a complete list of interest rates, request RAB 2001-03 or visit Treasury's Web site:

**[www.treasury.state.mi.us](http://www.treasury.state.mi.us)**

## How Do I Format Amounts I Enter on SBT Forms?

1. **Losses:** Report losses and negative amounts in brackets. For example [22,459.00].
2. **Percentages:** Carry all percentages to six decimal places. Do not round percentages. For example 24.154256 percent becomes 24.1542 percent (.241542).
3. **Round dollar amounts:** Report all amounts in whole dollars. Round up amounts of 50¢ or more. Round down amounts of 49¢ or less.

## Who Must Sign the Return?

All returns must be signed and dated by the taxpayer or the taxpayer's authorized agent. This may be the owner, partner, corporate officer, officer's agent or association member.

If someone other than the above has prepared the return, the preparer must also sign it and give his or her business address and phone number.

Please print the name of the taxpayer and preparer in the appropriate area on the return.

If you do not wish to receive an SBT instruction book, please check the box on the return and we will remove you from the mailing list for future books.

## Where Do I Mail My Return?

Mail your annual return or *Notice of No SBT Return Required* (Form C-8030) with all necessary schedules and payment if applicable to:

Michigan Department of Treasury  
P.O. Box 30059  
Lansing, MI 48909

Mail your extension application (Form 4) to:

Michigan Department of Treasury  
P.O. Box 30207  
Lansing, MI 48909

Mail your quarterly estimate payments (Form C-8002) to:

Michigan Department of Treasury  
Dept. 77889  
Detroit, MI 48277-0889

The estimated returns are the only SBT forms that are sent to Detroit. Make all checks payable to: **"State of Michigan."** Write your federal employer number and "SBT" on the check.

**Correspondence.** You may report address changes or business discontinuance on the annual return. To report changes in your tax status or business activity, contact the Treasury Registration Section at 517-373-0888 or use the *Notice of Change or Discontinuance* form provided in your sales, use and withholding taxes coupon book. Mail any other correspondence to the Customer Contact Division, SBT Unit, at the address where you send your annual return.

## How Do I Get Forms?

- **[www.treasury.state.mi.us](http://www.treasury.state.mi.us)** - The Michigan Department of Treasury Web site has forms, RABs and other useful information.
- **517-241-8730 to have current year forms faxed directly to you.** Faxed forms may not have instructions.
- **Call 1-800-FORM-2-ME** (1-800-367-6263) to request forms for current and previous years, or copies of Revenue Administrative Bulletins (RABs).
- Department of Treasury offices listed on page 76.



## INSTRUCTIONS FOR C-8000 ANNUAL RETURN

*Lines not listed are explained on the form.*

Every person who is engaged in business activity in Michigan and whose adjusted gross receipts are \$250,000 or more must file an annual return.

**Line 1, Taxable Year.** If you operate on a fiscal year, enter the beginning and ending dates, month and year, of your annual accounting period. For periods less than 12 months, enter the beginning and ending dates that correspond to the taxable period you reported to the IRS.

### **Line 3, Consolidated Filing -**

- **Corporations.** If you have received the Commissioner of Revenue's approval to file a consolidated or combined SBT return, check the box and enter your authorization number on the line provided. **Attach a copy of your approved *Request for Consolidated or Combined Filing* (Form C-8007) and your *Affiliation Schedule - Consolidated Filing* (Form C-8008).**

**Line 4, Controlled Groups.** A controlled corporate group is an affiliated group of corporations as defined in the SBT Act or a controlled group of corporations as defined in IRC Section 1563. **Entities under common control** are two or more trades or businesses, whether or not incorporated, under common control as defined in the Internal Revenue Service Regulation 1.414(c). This includes parent-subsidiary, brother-sister or combined groups of corporations. See RAB 1989-48 for further information.

**Reminder: Controlled groups must complete *SBT Adjusted Gross Receipts for Controlled Groups* (Form C-8010AGR) on page 61 to determine filing requirements for the group, and to determine adjusted gross receipts for the group if an investment tax credit is taken. Attach completed schedule to your return.**

**Important:** If you are a member of a controlled group and are claiming a statutory exemption or small business credit, complete *SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups* (Form C-8009) on page 55. Attach completed schedule to your return.

**Line 5, Account Number.** Use your federal employer identification number (FEIN) or the Michigan Treasury (TR) number assigned. If your organization type is individual and you do not have an account number yet, enter your Social Security number and enter an S in the box to the right. Treasury will notify you when a Michigan Treasury (TR) number is assigned. Please use that number on all future SBT filings unless a federal number has been assigned. For all other organization types, if you do not have an account number, leave line 5 blank.

Be sure to use the same account number on all forms.

### **Gross Receipts Checklist**

Note: This checklist is not intended to be all encompassing.

Receipts include- but are not limited to:

- Receipts (sales price) from the sale of assets used in a business activity;
- Sale of Products;
- Services performed;
- Gratuities stipulated on a bill;
- Sales tax collected on the sale of tangible personal property;
- Dividend and interest income;
- Gross commissions earned;
- Rents;
- Royalties;
- Professional services;
- Sales of scrap and other similar items;
- Client reimbursed expenses not obtained in an agency capacity;
- Gross proceeds from intercompany sales.


Receipts exclude:

- Proceeds from sales by a principal that are collected in an agency capacity solely on behalf of the principal and delivered to the principal;
- Amounts received as an agent solely on behalf of the principal that are expended by the taxpayer under certain circumstances;
- Amounts from gross income of a foreign corporation engaged in the international operation of aircraft under section 883(a) of the internal revenue code;
- Amounts received by an advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person;
- Amounts received by a person that manages real property owned by a client that are deposited into a separate account kept in the name of the client and that are not reimbursed and are not indirect payments for management services provided to that client.

**Line 7, Business Start Date.** Enter the start date of your first Michigan business activity.

**Line 8, Principal Business Activity.** Enter a brief description of your business activity. For example, forestry, fisheries, mining, construction, manufacturing, transportation, communication, electric, gas, sanitary services, wholesale trade, retail trade, finance or services.

**Line 9, Organization Type.** Check the box that describes your organization type. If you are a Limited Liability Company, check the appropriate box based on your federal return.

**Arrow ** : If you do not wish to receive an SBT instruction book, please check the box on page 1 and we will remove you from the mailing list for future books. If in the future you would like to be included, please contact us at 517-373-8030.

**Line 10, Gross Receipts.** Gross receipts means the entire amount received from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to yourself or to others, with certain exceptions. Use the above checklist as a guide to be sure you have totalled your receipts

correctly. Use the appropriate worksheet on page 16 to determine gross receipts.

**Line 11, Business Income.** Use the appropriate worksheet on page 16 to determine business income.

**THE SHORT METHOD** to compute your SBT.

The maximum SBT any filer pays is equal to the tax rate times one-half of your adjusted gross receipts. Adjusted gross receipts means gross receipts, apportioned for companies doing business outside of Michigan, plus recapture of capital acquisition deduction. You can figure this amount quickly using *SBT Reductions to Adjusted Tax Base* (Form C-8000S), page 53, lines 9-14, instead of figuring your tax base on Form C-8000. However, if you want to claim the standard small business credit you must still compute your tax base.

***If you use the SHORT METHOD, complete SBT Reductions to Adjusted Tax Base (Form C-8000S) on page 53.***

To use the SHORT METHOD, follow these steps:

1. Enter your gross receipts on C-8000, line 10;
2. If you are claiming an unincorporated credit, enter your business income on C-8000, line 11;
3. Enter your recapture, if applicable, from your C-8000D, line 19 on C-8000, line 35;
4. Complete C-8000S, lines 9 - 14 only;
5. Enter the amount from C-8000S, line 14 on C-8000, line 42 and complete the C-8000.

### COMPENSATION PAYMENTS

**Line 12, Salaries, Wages and Other Payments.** Enter total payments, including the cash value of all consideration other than cash, made on behalf of or for the benefit of employees and officers. Report these payments on a cash-only basis, i.e., include only the actual payments made during the year. For most filers this is the amount reported on U.S. 940 for the taxable year.

**Payments** include salaries, wages, fees, bonuses, commissions and other payments to employees that are subject to or specifically exempt or excepted from federal income tax withholding. This includes payments for casual services, but does not include payments to independent contractors or fees paid for services as a director of a corporation.

**Employee** is a person from whom an employer is required to withhold federal income taxes (IRC Section 3401(c)).

**Lines 13 through 15.** Report any payments made on behalf of or for the benefit of employees or officers on a cash or accrual basis consistent with your method of federal income tax reporting.

**Line 13, Employee Insurance Plans.** Enter payments to health or life insurance plans for employees, payments for health and welfare and non-insured benefit plans, and payment of fees for the administration of health and welfare and non-insured benefit plans.

Do not include here or on line 15, contributions for FICA (Social Security and Medicare), workers' compensation insurance, or the state and federal unemployment compensation fund.

**Line 15, Other.** Include here any payments made for the benefit of employees that are not included on lines 13 - 14. For example: payments to supplemental unemployment benefit trusts; payments to individuals not currently working; payments to dependents and heirs for labor services rendered by an individual.

### ADDITIONS

Additions are generally added to the extent deducted in arriving at business income, line 11.

**Line 17, Depreciation.** Enter all depreciation or amortization of tangible assets which you claimed as a deduction on your federal return. This includes the immediate (permitted under IRC Section 179) or accelerated write-off of tangible assets.

Taxpayers choosing the mileage method to determine car expenses must include in depreciation that portion of the mileage rate that is required by the IRC to reduce the adjusted basis of the vehicle.

**Safe Harbor Leases.** The lessor and lessee must report on line 17 any rent attributable to a lease-back agreement under IRC section 168(f)(8). The lessor subtracts rental receipts from such property, while the lessee adds rental payments.

**Line 18, Taxes.** Enter all taxes on, or measured by, net income, including city and state taxes, foreign income tax and federal environmental tax claimed as a deduction on your federal return.

**Line 19, Single Business Tax.** Enter Single Business Tax claimed as a deduction on your federal return.

**Line 20, Dividends, Interest and Royalty Expenses.** Enter any dividend, interest or royalties claimed as a deduction on your federal return.

Do not include any of the following on line 20:

- dividends not claimed as federal deductions;
- interest payments made by a financial organization;
- initial franchise fees and **new** for tax years beginning after 12/31/2000, royalties, fees and other payments or consideration paid or incurred by a franchisee to a franchisor to establish or maintain the franchise relationship;
- oil and gas royalties deducted;

- cable franchise fees paid to units of government;
- film rental payments made by a theater owner to a distributor or to a producer;
- payments made by radio or TV broadcasters for syndication or royalty fees, or any other charges for program matter;
- computer software royalties deducted.

#### **Line 21, Capital Loss Carryover or Carryback.**

- **Fiduciaries and Corporations.** Enter any capital loss carryover or carryback from your federal schedule that was included in the business income reported on line 11. This cannot be a negative number.

#### **Line 22, Net Operating Loss Carryover or Carryback.**

- **Fiduciaries and Corporations.** Enter any net operating loss carryover or carryback that was included in arriving at business income reported on line 11. This cannot be a negative number.

**Line 23: Gross Interest and Dividend Income.** Enter any income from bonds and similar obligations or securities of states other than Michigan and their political subdivisions. Include only the income derived from your business activity. You may subtract from this income-related expenses, if those expenses were not allowed as deductions on your federal return (IRC Sections 265 and 291).

#### **Line 24, Special Classifications Deduction.**

- **Corporations** - Enter any deduction or exclusion by a filer due to a classification as, or the payment of commissions or fees to, a domestic international sales corporation (DISC), foreign sales corporation (FSC) or any similar special classification which reduces or postpones federal income tax liability. This does not apply to special provisions of IRC sections 805, 809, 815(c)(2)(A), 823(c) and 824(a).

**Financial Organization Expense Addback.** Enter total expenses deducted in arriving at federal taxable income, less expenses which are added in determining the SBT tax base, times the following fraction:

$$\frac{\text{Interest from U.S. obligations that Michigan is prohibited from taxing} + \text{Interest on Michigan obligations}}{\text{Total interest income}}$$

The result cannot exceed interest from U.S. obligations subtracted in arriving at the tax base.

**Line 25, Losses from Partnerships.** Enter any losses attributed to another taxable entity included in the business income reported on line 11. Enter the FEIN(s) of the partnerships, S-corporations or LLCs.

## **SUBTRACTIONS**

Subtractions are generally subtracted to the extent included in arriving at business income, line 11.

**Line 28, Dividends, Interest or Royalty Income.** Enter dividends, interest and royalty income included in the business income reported on line 11.

Do not include:

- dividends allowed as a dividend-received deduction on a federal return;
  - oil and gas royalty income;
  - initial franchise fees and **new** for tax years beginning after 12/31/2000, royalties, fees and other payments or consideration paid or incurred by a franchisee to a franchisor to establish or maintain the franchise relationship;
  - interest income received by a financial organization.
- Exception:** Interest from U.S. obligations that Michigan is prohibited from taxing may be included;
- film rental payments made by a theatre owner to a distributor or to a producer;
  - payments made by radio or T.V. broadcasters for syndication or royalty fees, or any other charges for program matter;
  - computer software royalty income

**Exception:** System software which interacts with operating system software and is developed, licensed and intended for the exclusive use of data processing professionals to build, test, manage or maintain application computer software. System software may not be transferred as part of, or in conjunction with, a sale or lease of computer hardware. System software royalty income may be included as a subtraction on line 28.

**Line 29, Excluded Capital Losses.** Enter any capital losses not included in arriving at federal taxable income in the year the loss occurred.

**Line 30, Income from Partnerships.** Enter income attributed to another taxable entity included in the business income reported on line 11. Enter the FEIN(s) of the partnerships, S-corporations, or LLCs.

## **TAX BASE**

**Line 32, Tax Base.** Tax base is business income or loss on line 11, plus compensation on line 16 and additions on line 26, and minus subtractions on line 31.

*If you are taxable in another state, complete SBT Apportionment Formula (Form C-8000H), page 33, before continuing. Attach completed schedule to your return.*

**Line 33, Apportioned Tax Base.** If taxable in another state, multiply line 32 by the percentage from Form C-8000H, line 16 or 19, whichever applies.

## ADJUSTMENTS

**If during the tax year you disposed of any depreciable real or personal property purchased in a tax year beginning before January 1, 2000, or moved outside of Michigan depreciable property purchased in a tax year beginning after December 31, 1996 and before January 1, 2000, complete SBT Recapture of Capital Acquisition Deduction (Form C-8000D), page 27 before continuing. Attach completed schedule to your return.**

**Line 36, Adjusted Tax Base Before Loss Deduction and Statutory Exemption.** Any negative amount on this line is a business loss which may be carried forward successively to the next 10 taxable years, or until the loss is used, whichever occurs first. If line 36 is negative no tax is due. Enter 0 on line 43.

**Line 37, Business Loss Deduction.** Enter any unused business loss carryover from the single business tax returns for the preceding 10 years. (Loss on line 38 in preceding years less the adjusted tax base in intervening years.)

Note: This is not the federal net operating loss.

**Line 38.** Subtract line 37 from line 36. If negative, enter zero and carry the unused loss to next year's SBT return.

### STATUTORY EXEMPTION

- **Corporations** - If you are claiming a statutory exemption or a small business credit, complete *SBT Schedule of Shareholders and Officers* (Form C-8000KC), page 43, before continuing. Attach completed schedule to your return.
- **Partnerships** - If you are filing as a partnership and need to determine which partners qualify for the increased statutory exemption, complete *SBT Schedule of Partners* (Form C-8000KP), page 47, before continuing. Attach completed schedule to your return.

**Line 39, Allowable Statutory Exemption.** For most filers, the statutory exemption is available only if business income is less than \$67,500.

- **Corporations** - For most corporations, the statutory exemption is available only if the sum of business income, federal loss carryovers or carrybacks, and compensation/director fees of all shareholders is less than \$67,500.

A statutory exemption cannot be used to increase a business loss or to offset adjusted tax base as determined on C-8000, line 36, before loss carryovers are reported on C-8000, line 37. An unused statutory exemption can't be carried forward.

**You must complete the SBT Statutory Exemption Schedule (Form C-8043) on page 69 before continuing. Attach completed schedule to your return.**

If you are a member of a **controlled group** and claim an allocated statutory exemption, complete *SBT*

*Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups* (Form C-8009). A controlled group is entitled to only one statutory exemption, which is allocated on Form C-8009.

- **Individuals, Fiduciaries, Partnerships and Limited Liability Companies** - If you choose to average your business income to determine the statutory exemption, complete *SBT Statutory Exemption/Business Income Averaging* (Form C-8000G), page 31. Attach completed schedule to your return.

### REDUCTIONS, NONREFUNDABLE CREDITS, AND TAX

**Line 41, Reduction to Adjusted Tax Base.** You may qualify for either the compensation or the gross receipts reduction on *SBT Reductions to Adjusted Tax Base* (Form C-8000S), page 53, but may use only one. Enter the amount of the reduction from Form C-8000S, line 16.

**Reminder: If you choose to use a reduction, check the appropriate box which indicates the method of reduction used. The Investment Tax Credit (ITC) is not available if a gross receipts reduction to the adjusted tax base is taken to arrive at the tax liability. However, the recapture of capital investments must still be added back. If you reduce your adjusted tax base by the percentage that compensation exceeds 63%, the ITC must also be reduced. Choose a reduction method or the ITC, based on which option is most advantageous to you.**

**Line 42.** Filers using the SHORT METHOD, enter the amount from C-8000S, line 14. The amount on this line should never be more than 50 percent of the sum of apportioned gross receipts plus recapture of capital acquisition deduction. If this method is used the ITC is not available.

**Important: If you are eligible for the Investment Tax Credit, complete SBT Investment Tax Credit (Form C-8000ITC), page 39, before continuing. Attach completed schedule to your return.**

**Line 44, Tax After Investment Tax Credit.** If you are claiming an Investment Tax Credit (ITC), enter the amount from Form C-8000ITC, line 37. If you are not claiming an ITC, carry the amount from line 43 to line 44.

*The small business credit and the alternate tax are computed on SBT Credit for Small Businesses and Contribution Credits (Form C-8000C), page 21. Review the C-8000C to make sure you take all the tax credits due you. Attach completed schedule to your return.*

*If you are a member of a controlled group, the small business credit and alternate tax are computed on SBT Allocation of Statutory Exemption, Standard Small*

*Business Credit and Alternate Tax for Members of Controlled Groups (Form C-8009), page 55. Attach completed schedule to your return.*

**Line 45.** If you are claiming a small business credit or any contribution credits, enter the amount from Form C-8000C or C-8009. If you are not claiming these credits, carry the amount from line 44 to line 45.

**Line 46, Unincorporated and S-corporation Credit.** Taxpayers who are unincorporated or S-corporations are allowed a credit against the SBT. Multiply line 45 by the percent from the table below and enter the result on line 46.

#### Unincorporated/S-corporation Tax Credit Table

If business income* is:	The credit is:
\$20,000 or less .....	20% of the SBT liability.
More than \$20,000 but less than \$40,000 .....	15% of the liability.
\$40,000 or more .....	10% of the liability.

\*See page 6 for tax years less than 12 months.

**Line 47, Other Nonrefundable Credits.** If you are claiming an Enterprise Zone Credit, a Michigan Economic Growth Authority Business Activity Credit, a Renaissance Zone Credit, a Michigan Historic Preservation Tax Credit, a Low-grade Hematite Pellet Credit or a Brownfield Redevelopment Credit, see *SBT Miscellaneous Credits* (Form C-8000MC), page 49. Note that these credits have strict eligibility requirements.

**Line 49, Tax After Nonrefundable Credits.** Important: If your adjusted gross receipts are less than \$250,000 enter 0 (zero) on this line.

Adjusted gross receipts are gross receipts, apportioned for companies doing business outside of Michigan, plus recapture of the capital acquisition deduction. Special rules apply to members of a controlled group. See page 4, "Who Must File an SBT Annual Return?". If your business operated less than 12 months, annualize gross receipts to determine if you have a tax liability.

#### PAYMENTS, REFUNDABLE CREDITS AND TAX DUE

**Line 51.** Enter the total tax paid with your SBT quarterly tax returns (Form C-8002), or the estimated single business tax paid with the *Combined Return for Michigan Taxes* (Form 160). Include all payments made on returns that apply to the current tax year. For example, calendar-year filers include money paid with the combined returns for return periods January through December.

**Line 53, Refundable Credits.** If you are claiming a Michigan Economic Growth Authority Employment Tax Credit, a Workers' Disability Supplemental Benefit (WDSB) Credit or an Apprenticeship Credit, see *SBT Miscellaneous Credits* (Form C-8000MC), page 49.

**Line 56, Underpaid Estimate Penalty and Interest.** If you owe penalty and interest for not filing estimated returns or for underestimating your tax, complete *SBT Penalty and Interest Computation for Underpaid Estimates* (Form C-8020), page 63, to compute penalty and interest due. If you prefer not to file this form, Treasury will compute your penalty and interest and bill you.

**Line 57, Annual Return Penalty and Interest.** See "How Do I Compute Penalty and Interest?" on page 8.

**Line 58, Payment Due.** Enter the amount of payment due here and on page 1, line 62.

**Reminder:** You must sign and date your return. If someone else has prepared your return, they must also sign and date the return. See "Who Must Sign the Return?" on page 8. Please print the names in the areas provided for the taxpayer and the tax preparer.

**FEDERAL FORMS:** You must attach copies of these federal forms to your return.

- **Corporations** - U.S. 1120, 1120A, pages 1 - 4. If you file as part of a consolidated federal return, attach a proforma or consolidated schedule.
- **S-corporations** - U.S. 1120S, pages 1 - 4\*
- **Individuals & Fiduciaries** - U.S. 1040, Schedules C, C-EZ, D and E and 4797.
- **Partnerships** - U.S. 1065, pages 1 - 4\* and 8825.
- **Limited Liability Companies** - attach appropriate schedules shown above based on federal return filed.

*\*Do not send copies of K-1s. We will request them if we need them.*

**Note: This worksheet may not be all inclusive to all taxpayers. There may be additional amounts that are included in gross receipts for Single Business Tax purposes that may not be picked up for federal purposes.**

**WORKSHEET 1  
GROSS RECEIPTS/BUSINESS INCOME  
INDIVIDUALS AND FIDUCIARIES**

**PART 1: GROSS RECEIPTS**

1. *U.S. 1040, Schedule C or C-EZ,*  
gross receipts (net of returns) \_\_\_\_\_ .00
2. *U.S. 1040, Schedule C,*  
other income \_\_\_\_\_ .00
3. *U.S. 1040, Schedule D,*  
short and long term sales price \_\_\_\_\_ .00
4. *U.S. 1040, Schedule E,*  
a. Part I, total rents received \_\_\_\_\_ .00  
b. Total royalties received \_\_\_\_\_ .00
5. *U.S. 4797, gross sales price,*  
business assets \_\_\_\_\_ .00
6. Other receipts \_\_\_\_\_ .00
7. Total gross receipts  
Add lines 1 - 6. \_\_\_\_\_ .00

**PART 2: BUSINESS INCOME**

8. *U.S. 1040, Schedule C or C-EZ,*  
net profit or (loss) \_\_\_\_\_ .00
9. *U.S. 1040, Schedule D,*  
gain or (loss)\* \_\_\_\_\_ .00
10. *U.S. 1040, Schedule E,*  
line 22 rent and royalty  
income or (loss) \_\_\_\_\_ .00
11. *U.S. 4797 gains or (loss)*  
not included in Schedule D \_\_\_\_\_ .00
12. Other income \_\_\_\_\_ .00
13. Total business income  
Add lines 8 through 12. \_\_\_\_\_ .00

\**U.S. 1040D* and *4797*: Report only gains or losses from assets used in your business activity. Do not include personal gains and losses.

**WORKSHEET 2  
GROSS RECEIPTS/BUSINESS INCOME  
CORPORATIONS**

**PART 1: GROSS RECEIPTS**

1. *U.S. 1120 or 1120A, line 1c* \_\_\_\_\_ .00
2. *U.S. 1120 or 1120A, lines 4-7* \_\_\_\_\_ .00
3. *U.S. 1120 or 1120A, line 10* \_\_\_\_\_ .00
4. *U.S. 1120 or 1120A, Schedule D*  
short and long term sales price \_\_\_\_\_ .00
5. *U.S. 4797, gross sales price* \_\_\_\_\_ .00
6. Add lines 1-5 \_\_\_\_\_ .00

**PART 2: BUSINESS INCOME**

Enter federal taxable income as computed on your *U.S. 1120* or *1120A*.

**WORKSHEET 3  
GROSS RECEIPTS/BUSINESS INCOME -  
PARTNERSHIPS OR S-CORPORATIONS**

**PART 1: GROSS RECEIPTS**

1. *U.S. 1065 or U.S. 1120S*  
a. gross receipts (net of returns) \_\_\_\_\_ .00  
b. other income/receipts \_\_\_\_\_ .00
2. *U.S. 8825, gross income from*  
real estate rentals \_\_\_\_\_ .00
3. *U.S. 1065 or 1120S, Schedule D*  
short and long term sales price \_\_\_\_\_ .00
4. *U.S. 1065 or 1120S, Schedule K*  
a. gross other rental income \_\_\_\_\_ .00  
b. interest, dividend, royalty income \_\_\_\_\_ .00  
c. other income \_\_\_\_\_ .00
5. *U.S. 4797, gross sales price*  
business assets \_\_\_\_\_ .00
6. Other receipts \_\_\_\_\_ .00
7. Total gross receipts  
Add lines 1 - 6. \_\_\_\_\_ .00

**PART 2: BUSINESS INCOME**

8. *U.S. 1065 or 1120S, Schedule K, Income (Loss)*  
a. ordinary income (loss) \_\_\_\_\_ .00  
b. net real estate rental  
income (loss) \_\_\_\_\_ .00  
c. net other rental  
income (loss) \_\_\_\_\_ .00  
d. interest, dividend & royalty income \_\_\_\_\_ .00  
e. net short-term gain (loss) \_\_\_\_\_ .00  
f. net long term gain (loss) \_\_\_\_\_ .00  
g. other portfolio income (loss) \_\_\_\_\_ .00  
h. guaranteed payments to partners \_\_\_\_\_ .00  
i. other net gain (loss)  
under section 1231 \_\_\_\_\_ .00  
j. other income \_\_\_\_\_ .00
9. Total income or (loss)  
Add lines 8a - 8j. \_\_\_\_\_ .00
10. *U.S. 1065 or 1120S, Schedule K, Deductions*  
a. charitable contributions \_\_\_\_\_ .00  
b. section 179 expense \_\_\_\_\_ .00  
c. deductions related to  
portfolio income \_\_\_\_\_ .00  
d. other deductions \_\_\_\_\_ .00
11. Total deductions  
Add lines 10a - 10d. \_\_\_\_\_ .00
12. Total business income  
Subtract line 11 from line 9. \_\_\_\_\_ .00

**Note: Limited liability companies should choose the appropriate worksheet based on their federal return.**

## INSTRUCTIONS FOR C-8044, SIMPLIFIED RETURN

**Purpose:** This form allows qualifying taxpayers to file using the alternate tax rate only, while still taking their unincorporated/S-corporation credit.

### ELIGIBILITY

You are eligible to use this form for the alternate tax if **all** of the following conditions apply:

1. Your gross receipts do not exceed \$9 million.
  2. Your adjusted business income, after loss adjustment, does not exceed:
    - a. \$475,000 for corporations and partnerships;
    - b. \$95,000 for individuals or fiduciaries.
  3. No shareholder or officer has compensation or allocated income, after loss adjustment, over \$95,000 (from C-8000KC, columns K or M).
  4. No partner has distributive income, after loss adjustment, over \$95,000 (from C-8000KP).

**Note:** For the purpose of computing the small business credit, a member of an LLC is treated as a partner if the LLC is taxed as a partnership.
  5. You are not a member of a controlled group or entity under common control.
  6. You are not filing a consolidated return.
  7. You are not apportioning your business activity.
- **Corporations - Allocated income** for regular corporations is either:
    - a. shareholders' or officers' compensation and directors' fees from C-8000KC, column K, or
    - b. shareholders' compensation, directors' fees and share of business income, after loss adjustment, or loss from C-8000KC, column M.

If either of these is greater than \$95,000, the corporation is not eligible for the full small business credit.

**Allocated income** for S-corporations is:

shareholders' compensation, directors' fees and share of business income, after loss adjustment, or loss from C-8000KC, column M.

**Important:** If the allocated income, after loss adjustment, is more than \$95,000, you must file using Form C-8000.

Even if you are eligible to file this form, you may pay a lower tax by filing the *Single Business Tax Annual Return* (Form C-8000) and taking a standard small business credit using *SBT Credit for Small Businesses and Contribution Credits* (Form C-8000C). This is especially true if any of the following applies to you:

1. You have or are establishing a business loss carryforward.
2. You wish to take a community foundations, homeless, public contributions or public utility property tax credit or have nonrefundable credits.

### Gross Receipts Checklist

Note: This checklist is not intended to be all encompassing.

Receipts include- but are not limited to:

- Receipts (sales price) from the sale of assets used in a business activity;
- Sale of Products;
- Services performed;
- Gratuities stipulated on a bill;
- Sales tax collected on the sale of tangible personal property;
- Dividend and interest income;
- Gross commissions earned;
- Rents;
- Royalties;
- Professional services;
- Sales of scrap and other similar items;
- Client reimbursed expenses not obtained in an agency capacity;
- Gross proceeds from intercompany sales.

Receipts exclude:

- Proceeds from sales by a principal that are collected in an agency capacity solely on behalf of the principal and delivered to the principal;
- Amounts received as an agent solely on behalf of the principal that are expended by the taxpayer under certain circumstances;
- Amounts from gross income of a foreign corporation engaged in the international operation of aircraft under section 883(a) of the internal revenue code;
- Amounts received by an advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person;
- Amounts received by a person that manages real property owned by a client that are deposited into a separate account kept in the name of the client and that are not reimbursed and are not indirect payments for management services provided to that client.

### 3. You have an Investment Tax Credit.

**Loss Adjustment.** If you are not eligible for the full small business credit or the alternate tax calculation due to an adjusted business income or allocated income disqualifier, you may benefit from the *SBT Loss Adjustment Worksheet* (3307), page 25. If your adjusted business income was less than zero in any of the five years immediately preceding the tax year for which you are claiming a credit and you received a small business credit for that same year, you may adjust for the loss. A loss adjustment will not affect a reduction to the small business credit based on gross receipts that exceed 9 million. It will also not change the amount of allocated income on C-8000KC, Column K for a C-corporation.

**Tax period is less than 12 months.** Your annual return must be filed for the same period as your federal income tax return. If your business operated less than 12 months, annualize your gross receipts, business income and all shareholders', officers' and partners' income to determine which forms to file and your eligibility for a standard small business tax credit or alternate tax. Do not use annualized numbers on your return; use them only to determine filing requirements and qualifications for credits. See General Information, page 6 for complete annualizing instructions.

## LINE-BY-LINE INSTRUCTIONS

Lines not listed are explained on the form.

**Refund only:** If your adjusted gross receipts are less than \$250,000 and you are filing this form only to claim a refund, skip lines 10 - 16 and 22-25.

**Line 1, Taxable Year.** If you operate on a fiscal year, enter the beginning and ending dates, month and year, of your annual accounting period. For periods less than 12 months, enter the beginning and ending dates that correspond to the taxable period you reported to the IRS.

**Line 3, Business Start Date.** Enter the start date of your first Michigan business activity.

**Line 4, Principal Business Activity.** Enter a brief description of your business activity. For example, forestry, fisheries, mining, construction, manufacturing, transportation, communication, electric, gas, sanitary services, wholesale trade, retail trade, finance or services.

**Line 5, Account Number.** Be sure to use the same account number on all forms. Use your federal employer identification number (FEIN) or the Michigan Treasury (TR) number assigned. If your organization type is individual and you do not have an account number yet, enter your Social Security number and enter an S in the box to the right. For all other organization types, if you do not have an account number, leave line 5 blank.

**Line 7, Organization Type.** Check the box that describes your organization type. If you are a Limited Liability Company check the appropriate box based on your federal return.

**Arrow**  $\Rightarrow$  : If you do not want to receive an SBT instruction book in the future, please check the box on the front of the form and we will remove you from the mailing list. If in the future you would like to be included, please contact us at 517-373-8030.

**Note:** Lines 8 and 9 are used only to determine your filing requirements and small business credit eligibility. They are not part of the tax calculation.

**Line 8, Gross Receipts.** Use the checklist on page 19 as a guide to be sure you have totalled your receipts correctly. Use the appropriate worksheet on page 16 to determine gross receipts.

**Line 9, Recapture of Capital Acquisition Deduction.** If you disposed of any depreciable real or personal property during the taxable year that you acquired in a tax year beginning prior to January 1, 2000, or moved outside of Michigan depreciable property purchased in a tax year beginning after December 31, 1996 and before January 1, 2000, complete the *SBT Recapture of Capital Acquisition Deduction* (Form C-8000D), page 27, before continuing. Attach completed schedule to your return.

**Line 10, Business Income.** Use the appropriate worksheet on page 16 to determine business income.

**Line 11:**

- **Fiduciaries and corporations.** Enter the sum of applicable net operating loss and capital loss from your federal schedule that was included in your business income reported on line 10. This cannot be a negative number.

**Line 12:**

- **Corporations** - complete *SBT Schedule of Shareholders and Officers* (Form C-8000KC), page 43, before continuing. Attach completed schedule to your return.
- **Partnerships and LLC Partnerships** - complete *SBT Schedule of Partners* (Form C-8000KP), page 47, before continuing. Attach completed schedule to your return.

**Line 15, Unincorporated/S-corporation Credit.**

Taxpayers who are unincorporated or are S-corporations are allowed a credit against the SBT. Multiply line 14 by the percent from the table below and enter the result on line 15.

Unincorporated/S-corporation Tax Credit Table	
If business income* is:	The credit is:
\$20,000 or less .....	20% of the liability
More than \$20,000	
but less than \$40,000 .....	15% of the liability
\$40,000 or more .....	10% of the liability
*See page 6 for tax years less than 12 months.	

**Line 18.** Enter the total tax paid with your SBT quarterly tax returns (Form C-8002), or the estimated single business tax paid with the *Combined Return for Michigan Taxes*. Include all payments made on returns that apply to the current year.

**Line 20, Refundable Credits.** If you are claiming a Michigan Economic Growth Authority (MEGA) Employment Tax Credit, a Workers' Disability Supplemental Benefit (WDSB) Credit or an Apprenticeship Credit, see *SBT Miscellaneous Credits* (Form C-8000MC), page 49.

**Line 23, Penalty and Interest.** If you owe penalty and interest for not filing estimated returns or for underestimating your tax, complete *SBT Penalty and Interest Computation for Underpaid Estimates* (Form C-8020), page 63, to compute penalty and interest due. If you prefer not to file this form, Treasury will compute your penalty and interest and bill you.

**Line 24, Penalty and Interest.** See "How Do I Compute Penalty and Interest" on page 8.

**Reminder:** See "Who Must Sign the Return" on page 8.

**Federal Forms:** You must attach copies of these federal forms to your return.

- **Corporations** - U.S. 1120, 1120A, pages 1 - 4. If you file as part of a consolidated federal return, attach a proforma or consolidated schedule.
- **S-corporations** - U.S. 1120S, pages 1 - 4\*
- **Individuals & Fiduciaries** - U.S. 1040, Schedules C, C-EZ, D and E and 4797
- **Partnerships** - U.S. 1065, pages 1 - 4\* and 8825.
- **Limited Liability Companies** - Attach appropriate schedules shown above based on federal return filed.

\*Do not send copies of K-1s. We will request them if we need them.



## INSTRUCTIONS FOR C-8000C

### CREDIT FOR SMALL BUSINESSES AND CONTRIBUTION CREDITS

**Purpose:** To allow you to choose either the standard or alternate small business credit and to claim your contribution credits.

The small business credit is reduced if an individual, a partner in a partnership or shareholder or officer of a corporation has allocated income after loss adjustment of more than \$95,000. This reduction is based on the individual/partner/officer/shareholder with the largest allocated income.

**Note:** For the purpose of computing the small business credit, a member of an LLC is treated as a partner if the LLC is taxed as a partnership.

#### ELIGIBILITY

You are **not** eligible for either the standard small business credit or the alternate tax if any of the following conditions exist.

1. Gross receipts exceed \$10 million.
2. Adjusted business income, after loss adjustment, exceeds:
  - a. \$475,000 for corporations, partnerships and LLCs.
  - b. \$115,000 for individuals or fiduciaries.
3. Any shareholder or officer has compensation or allocated income, after loss adjustment, of over \$115,000; or any partner has distributive share of income, after loss adjustment, of over \$115,000 as determined on C-8000KC or C-8000KP.
- **Corporations - Allocated income** for regular corporations is either:
  - a. shareholders' or officers' compensation and directors' fees from C-8000KC, column K, or
  - b. shareholders' compensation, directors' fees and share of business income, after loss adjustment, or loss from C-8000KC, column M.

If either 3a or 3b is greater than \$115,000, the corporation is not eligible for the small business credit. In addition, if either 3a or 3b is more than \$95,000 but not more than \$115,000, the corporation must reduce the small business credit based on the individual/partner/officer/shareholder with the largest allocated income.

- **S-Corporation - Allocated income** for S-corporations is shareholders' compensation, directors' fees and share of business income, after loss adjustment, or loss from C-8000KC, column M.

If your tax year is less than 12 months, gross receipts, adjusted business income, partners' and shareholders' or officers' share of business income must be annualized to

determine eligibility and to compute the small business credit. If annualized gross receipts exceed \$9 million but do not exceed \$10 million, annualize figures to compute Part 3. Part-year partners or shareholders must annualize their share of business income to determine their eligibility. See page 6.

**Loss Adjustment.** If you are not eligible for the full small business credit or the alternate tax calculation due to an adjusted business income or allocated income disqualifier, you may benefit from the *SBT Loss Adjustment Worksheet* (3307), page 25. If your adjusted business income was less than zero in any of the five years immediately preceding the tax year for which you are claiming a credit and you received a small business credit for that same year, you may adjust for the loss. A loss adjustment will not affect a reduction to the small business credit based on gross receipts that exceed 9 million. It will also not change the amount of allocated income on C-8000KC, Column K for a C-corporation.

**Controlled groups** or entities under common control as defined in the IRC are not eligible for the standard small business credit or alternate tax unless the business activities of the entities are consolidated, whether or not a consolidated SBT return is filed. This means the gross receipts, adjusted business income and tax base of **all** members of the group must be combined to determine eligibility and to compute this credit.

In other words, if the combined gross receipts exceed \$10 million, the combined adjusted business income after loss adjustment exceeds \$475,000, or any one individual, partner, shareholder or officer has allocated income after loss adjustment of more than \$115,000 from any one member of the group, the group is not eligible for the credit.

If the group is eligible and files a consolidated SBT return, compute either the standard small business credit or alternate tax on a consolidated basis using Form C-8000C.

If separate SBT returns are filed, determine the combined credit and each member's share of the credit on *SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups* (Form C-8009). Attach a copy of Form C-8009 to each member's SBT return.

## LINE-BY-LINE INSTRUCTIONS

*Lines not listed are explained on the form.*

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

**Note:** If you are using this form only to claim contribution credits and are not claiming a small business credit, go to line 28.

**Part 1, Adjusted Business Income.** Business income is adjusted by loss carry forwards and carry backs from your *Single Business Tax Annual Return* (Form C-8000). It is also adjusted by compensation and director's fees of active shareholders and officers from *SBT Schedule of Shareholders and Officers* (Form C-8000KC).

**Part 2, The Small Business Credit.** You can compute either the standard or alternate credit.

The alternate tax computation is a simplified way of computing your SBT while still allowing a small business credit. If you wish to file **only** the alternate tax, you may be able to complete the *Single Business Tax Simplified Return* (Form C-8044) instead. Note that you cannot claim contribution credits on the *Simplified Return* nor can you calculate the reduced credit percentage required if an individual, partner in a partnership or shareholder or officer of a corporation has allocated income after loss adjustment of more than \$95,000. You must file a *Single Business Tax Annual Return* (Form C-8000).

You may want to compute your tax with the standard small business credit and with the alternate credit, then choose the credit to your advantage.

**Important:** If an individual, partner in a partnership or shareholder or officer of a corporation has allocated income after loss adjustment of more than \$95,000, a reduction to the small business credit is required. This reduction is based on the individual/partner/officer/shareholder with the largest allocated income. No reduction is required if allocated income is \$95,000 or less. Use the table on page 22 to determine the reduced credit that applies to you.

**Note:** For the purpose of computing the small business credit, a member of an LLC is treated as a partner if the LLC is taxed as a partnership.

**Line 18b.** Enter the percent from the reduced credit table on page 22 and multiply line 18a by that amount. Enter the result on line 18b.

**Line 19.** Subtract either line 18a or 18b, whichever applies, from line 14 and enter on this line.

**Note:** If your gross receipts are equal to or less than \$9 million and you are not claiming any contribution credits enter this amount on your C-8000, line 45.

**Part 3, Gross Receipts Reduction.** Complete this section only if your gross receipts are more than \$9 million but do not exceed \$10 million. Annualize for tax periods less than 12 months.

**Line 26.** If you are not claiming any contribution credits, enter this amount on your C-8000, line 45.

**Part 4, Contribution Credits. Complete Part 4 only to claim contribution credits.**

**Line 29, Community Foundations Credit.** A partial credit is allowed when you donate to the endowment fund of a certified community foundation. A complete list of Certified Community Foundations is on page 73. Write the foundation code on line 29c. If you do not enter a proper code, you will not receive a credit.

**Line 31, Homeless Shelter/Food Bank Credit.** A partial credit is allowed when you make a cash donation to a qualifying shelter for homeless persons, food kitchen, food bank or other entity whose primary purpose is to provide overnight accommodations, food or meals to indigent persons. For more information, request *Revenue Administrative Bulletin 1992-10*.

**Note:** Individuals and fiduciaries claiming credits under section 261 of the Income Tax Act are not eligible for the Community Foundation Credit or the Homeless Shelter/Food Bank Credit.

**Line 33, Public Contribution Credit.**

- **Corporations, Partnerships and Limited Liability Companies** - A partial credit is allowed when you donate during the taxable year to institutions of higher learning located in Michigan, Michigan public libraries, the Michigan colleges foundation, public broadcasting stations located in Michigan and any nonprofit corporation, fund, foundation, trust or association organized and operated exclusively for the benefit of institutions of higher learning located in Michigan.

**Line 34, Public Utility Property Tax Credit.**

- **Corporations** - Enter the total of all taxes imposed for the taxable year under P.A. 282 of 1905. This credit is for taxes assessed on properties of railroad, telegraph and other public utility companies. Taxpayers whose business activities consist of transportation services other than oil or gas by pipeline are not eligible for this credit.

**Line 36.** Subtract line 35 from line 32. Enter the result on your C-8000, line 45.

**Attach this schedule to your return.**

## SBT LOSS ADJUSTMENT WORKSHEET for the Small Business Credit

*Issued under P.A. 257 of 1990.*

Use this worksheet to qualify for an otherwise disallowed small business credit or alternate tax by adjusting your current year adjusted business income. This is available only if you had a negative adjusted business income in any of the five tax years immediately preceding this tax year and you received a small business credit in the loss year. Partnerships and members of controlled groups - see instructions.

### PART 1: Current Year Amounts

Use this section to determine the amount of loss adjustment to the business income you need to qualify for the small business credit.

#### Business Income Disqualifier is \$475,000 (\$115,000 for individuals)

- 1 Adjusted Business Income from C-8000C, line 9 ..... 1 \$ .....00
- 2 Less the disqualifier ..... 2 \$ .....00
- 3 Loss adjustment. Subtract line 2 from line 1 ..... 3 \$ .....00

#### Shareholder Compensation Disqualifier is \$115,000

- 4 Enter the amount from C-8000C, line 6 ..... 4 \$ .....00
- 5 Disqualifier ..... 5 \$ .....00
- 6 Enter compensation & director fees from  
C-8000KC, col. K of the shareholder creating  
the disqualifier or reduction ..... 6 \$ .....00
- 7 Subtract line 6 from line 5 ..... 7 \$ .....00
- 8 Divide line 7 by the percent of ownership (\_\_\_\_%)  
from C-8000KC, col. G for the shareholder on line 6 ..... 8 \$ .....00
- 9 Loss adjustment. Subtract line 8 from line 4 ..... 9 \$ .....00

### PART 2: Available Loss

Use this section to determine the loss available from the five preceding years.

	1996	1997	1998	1999	2000
10 Did you receive a small business credit? Complete only those columns in which you enter "Y."					
11 Enter adjusted business income as reported on C-8000C, line 9 for each tax year that reported a loss.					
12 Amount of loss entered on line 11 used as an adjustment in a prior year.					
13 Loss available for current return. Subtract line 12 from line 11.					
14 Enter the amount from line 3 or 9, whichever is larger.					
15 Loss available for future returns. Subtract line 14 from line 13.					

**Attach this worksheet to your return.**

# INSTRUCTIONS FOR LOSS ADJUSTMENT WORKSHEET

**Purpose:** To adjust your adjusted business income to qualify for the small business credit or minimize the reduction percentage required.

If your adjusted business income was less than zero in any of the five years immediately preceding the tax year for which you are claiming a credit, and you received a small business credit for that same year, you may adjust for the loss before you figure your eligibility for the small business credit. A loss adjustment will not affect a reduction to the small business credit based on gross receipts that exceed 9 million. It will also not change the amount of allocated income on C-8000KC, Column K for a C-corporation.

## Part 1: Current Year Amounts

Use this part to determine the amount of loss adjustment necessary to qualify for the small business credit.

If you are not eligible for the credit because your adjusted business income exceeds \$475,000, complete lines 1 through 3.

If you are not eligible because you have a shareholder whose allocated income exceeds \$115,000 or a partner with distributive income that exceeds \$115,000, complete lines 4 through 9 for the shareholder or partner creating the disqualifier.

**Note:** For the purpose of computing the small business credit, a member of an LLC is treated as a partner if the LLC is taxed as a partnership.

You may have to calculate both if you have more than one disqualifier. Complete lines 4 through 9 for *each* shareholder or partner who creates a disqualifier. The loss adjustment required is the largest amount needed to eliminate all disqualifiers.

**Reduced small business credit.** A reduction of the small business credit is required if an individual, a partner in a partnership or shareholder or officer of a corporation has allocated income after loss adjustment of more than \$95,000. This reduction is based on the individual/partner/officer/shareholder with the largest allocated income.

Complete lines 4 through 9 for the shareholder or partner creating the need to reduce the small business credit.

The loss adjustment worksheet should always be calculated initially using \$95,000 on line 5. This calculation will establish your eligibility without the need to reduce the small business credit. However, if the total loss available for the current year on line 13 does not equal or exceed the loss adjustment required on line 9,

you may still calculate a lesser loss adjustment to enable you to claim a reduced credit.

You may have to try the calculation more than once. Substitute the numbers shown on the chart below on line 5 in order to maximize your claimed small business credit:

Line 5	Eligible % of credit
\$ 95,000	100% - no reduction
\$ 99,999	80%
\$104,999	60%
\$109,999	40%
\$115,000	20%

The SBT loss adjustment worksheet is structured for corporations. To use it for a partnership or member of a controlled group, make these changes.

- **Partnerships.** Enter on line 6 any guaranteed payments made to the partner creating a \$115,000 disqualifier. On line 8, divide by the percentage of ownership from the C-8000KP, col. D.
- **Controlled Groups.** A member of a controlled group may use this form for the shareholder compensation disqualifier (lines 4 through 9). The adjustment must come from the same company. The business income disqualifier must be calculated on a consolidated basis. Substitute consolidated figures for lines 1- 3 and lines 10 - 15.

## Part 2: Available Loss

Use this section to determine the loss available from the five preceding years.

**Line 10.** Enter 'Y' under each year that a small business credit was received.

**Line 11.** Enter the adjusted business income from C-8000C, line 9 for each tax year that reported a loss. Report the loss in brackets.

**Lines 12 - 15.** Continue to fill out each year's column only if you entered a Y on line 10 *and* the adjusted business income reported on line 11 was a loss.

**Note:** To benefit from a loss adjustment, the total loss available for the current year, line 13, must equal or exceed the loss adjustment required on line 14.

## INSTRUCTIONS FOR C-8000D

### RECAPTURE OF CAPITAL ACQUISITION DEDUCTION

**Purpose:** To adjust your tax base for the disposal or transfer of depreciable real or personal property acquired in tax years beginning prior to January 1, 2000.

If you disposed of depreciable real or personal property that you acquired in tax years beginning on or after January 1, 1976 and before January 1, 2000, complete this form and attach it to your annual return.

**Note:** A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years is subtracted from the tax base for those years.

Use Part 4 to compute the recapture for property moved out of the state. If you need more space, attach separate schedules.

In Parts 1, 2 and 3 below, the calculation of gross proceeds may be reduced by selling expenses.

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

#### **Part 1, Disposition of Depreciable Real Property Acquired in Tax Years Beginning Before October 1, 1989.**

Enter gross proceeds from all dispositions of depreciable **real property** (property as described in IRC Section 1250) **located in Michigan** that was acquired on or after January 1, 1976 and in tax years beginning before October 1, 1989.

**Line 3, Columns a through f.** Give all the information required for each disposition in columns a through f.

**Line 4, Columns e and f.** Enter the total gross proceeds in column e. In column f enter the total gain or loss included in your federal taxable income. Total gain is before capital gain deduction.

**Line 5, Adjusted Proceeds.** Subtract the total gain or add the total loss on line 4, column f, to the gross proceeds on line 4, column e. A loss on line 4, column f, will increase the recapture.

**Line 6.** Multiply line 4f by the percentage from *SBT Apportionment Formula* (Form C-8000H), line 16 or 19, whichever applies.

**Line 7, Apportioned Adjusted Proceeds.** If line 6 is a gain, subtract it from 4e. If line 6 is a loss, add it to 4e.

#### **Part 2, Disposition of Depreciable Personal Property Acquired in Tax Years Beginning Before October 1, 1989.**

Enter gross proceeds from all dispositions of depreciable

**personal property, wherever it is located**, that was acquired on or after January 1, 1976 and in tax years beginning before October 1, 1989.

**Line 8, Columns a through f.** Give all the information required for each disposition in columns a through f.

**Line 9, Columns e and f.** Enter the total gross proceeds in column e. In column f enter the total gain or loss included in your federal taxable income. Total gain is before capital gain deduction.

**Line 10, Adjusted Proceeds.** Subtract the total gain or add the total loss on line 9, column f, to the gross proceeds on line 9, column e. A loss on line 9, column f, will increase the recapture.

**Line 11, Apportioned Adjusted Proceeds if Taxable in Another State.** Multiply adjusted proceeds on line 10 by the capital acquisition apportionment percentage for the current year from Form C-8000H, line 23.

#### **Part 3, Disposition of Depreciable Real and Personal Property That was Sold or Otherwise Disposed of During the Tax Year.** Include:

- (1) Property acquired in tax years beginning after September 30, 1989 and before January 1, 1997,
- (2) Real and personal property acquired in tax years beginning after December 31, 1996 and prior to January 1, 2000 and located in Michigan, or moved into Michigan after acquisition, and (3) Mobile tangible assets acquired in tax years beginning after December 31, 1996 and prior to January 1, 2000, whether located in Michigan or outside Michigan.

**Mobile tangible assets** are all of the following:

- motor vehicles that have a gross vehicle weight rating of 10,000 pounds or more and are used to transport property or persons for compensation;
- rolling stock (railroad freight or passenger cars, locomotives or other rail cars), aircraft and watercraft used by the owner to transport property or persons for compensation or used by the owner to transport the owner's property for sale, rental or further processing; and
- equipment used directly in completion of, or in construction contracts for, the construction, alteration, repair or improvement of property.

**Line 12, Columns a through f.** Give all the information required for each disposition in columns a through f.

**Line 13, Columns e and f.** Enter the total gross proceeds in column e. In column f enter the total gain or loss included in your federal taxable income. Total gain is before capital gain deduction.

**Line 14, Adjusted Proceeds.** Subtract the total gain or add the total loss on line 13, column f, to the gross proceeds on line 13, column e. A loss on line 13, column f, will increase the recapture.

**Line 15, Apportioned Adjusted Proceeds if Taxable in Another State.** Multiply the amount on line 14 by the apportionment percentage from Form C-8000H, line 16 or 19, whichever applies.

**Part 4, Transfers Out of Michigan of All Depreciable Real and Personal Property, Other Than Mobile Tangible Assets, Acquired in Tax Years Beginning After December 31, 1996 for Business Use in Michigan That Were Eligible for a Capital Acquisition Deduction.**

**Line 16, Columns a through e.** Give all the information required for each disposition in columns a through e.

**Line 18, Apportioned Total Federal Basis.** Multiply the amount on line 17 by the apportionment percentage from Form C-8000H, line 16 or 19, whichever applies.

**Part 5, Total Recapture.**

**Line 19.** Enter here and on your *Single Business Tax Annual Return* (Form C-8000), line 35, or *Single Business Tax Simplified Return* (Form C-8044), line 9, or on your *Notice of No Return Required* (Form C-8030), line 5, the total adjustment required as a recapture for the capital acquisition deduction.

If taxable only in Michigan, add lines 5, 10, 14 and 17.  
If taxable in another state, add lines 7, 11, 15 and 18.

## INSTRUCTIONS FOR C-8000G STATUTORY EXEMPTION/ BUSINESS INCOME AVERAGING

**Purpose:** For **persons other than corporations** to average your business income with the previous four years to compute your statutory exemption.

- **Individuals, Partnerships, Fiduciaries and Limited Liability Companies** - If you have had four taxable years preceding the taxable year 2001 (1997 through 2001), you may choose to average your business income to determine your 2001 statutory exemption.

**Note:** Business income averaging is used only to figure the statutory exemption. Do not use it as the current year business income on any form.

### WHAT IS A "TAXABLE YEAR?"

A taxable year is one in which you had business activity, whether or not you filed an annual return. Your tax year for the SBT is the same period covered by your federal return.

### REORGANIZATIONS

Certain reorganizations do not interrupt the averaging of the business income. If the parties of the reorganization are not corporations and controlling interest is kept in the resulting organizations (80 percent ownership) by previous owners, the taxable years of the previous owners may be used. If you have a qualifying reorganization, attach an explanation giving the name and account number of all persons involved and the date and description of the reorganization, e.g., individual to fiduciary.

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

**Lines 3 through 7.** For each taxable year enter business income in column b as reported on the annual return. If business income for any taxable year is negative, enter "0." **If you have no business income because you were not required to file a return**, gross receipts are less than the filing requirement for that year, determine your business income on the appropriate worksheet on page 16 in the instruction booklet. Enter the amount in column b. Attach the worksheet to this form.

**If any tax year was less than 12 months**, annualize the business income. To annualize: multiply the business income from the annual return by 12 and divide the result by the number of months the business operated. Enter the result in column b. Individuals are not required to annualize. For complete annualizing instructions and an explanation of a partial month, see General Information, page 6.

**Line 8.** Add the business income on lines 3 through 7 in column b.

**Line 9.** Divide the total business income determined on line 8 by the number 5 and enter this on line 9. If line 9 is greater than line 3, do not average your business income. If line 9 is less than line 3, use the amount on line 9 to figure your statutory exemption. See the instructions for the *SBT Statutory Exemption Schedule* (Form C-8043). Do not use the averaged amount as the current year business income on any form.

***Attach this schedule to your return.***

# INSTRUCTIONS FOR C-8000H

## APPORTIONMENT FORMULA

**Purpose:** To determine the portion of your tax base attributable to Michigan for a taxpayer whose business activity is subject to tax both within and without Michigan.

A filer is subject to tax in another state if in that state, the filer is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a corporation stock tax, or a tax of the type imposed under the Michigan SBT Act, or that state has jurisdiction to subject the filer to one or more of the taxes regardless of whether the tax is imposed. A taxpayer will be subject to a tax in another state if the taxpayer has Due Process and Commerce Clause nexus with that state.

### GENERAL INSTRUCTIONS

Your Michigan tax is based only on the business activity you conduct in Michigan. This activity is measured by three factors: property, payroll and sales.

Each factor is weighted; the weighted figures are then added to determine the portion of activity taxable in Michigan. The property and payroll factors are weighted at 5 percent and the sales factor is weighted at 90 percent. **See example 1 on page 36.** There are different formulas for transportation companies, financial organizations and other authorized taxpayers. See "Formulas for Special Situations" on page 36.

Carry all percentages to six decimal places. Do not round percentages. For example, 24.154256 becomes 24.1542 percent (.241542).

Complete the apportionment schedule using amounts for your business activity only. Do not include amounts from an interest in a partnership, S-corporation or LLC.

#### Property Factor

The property factor is equal to the average value of all real and tangible personal property owned or rented in Michigan divided by the average value of all property owned or rented everywhere, multiplied by the weighted factor. **Tangible personal property** includes machinery, tools, inventory, implements, equipment, goods, wares and merchandise.

**Real property** includes land, buildings, leasehold improvements and construction in progress.

Determine the **average value** of your property by averaging the values at the start and end of the tax period. The Commissioner of Revenue may require the periodic averaging of values during the tax year if reasonably required to reflect properly the average value of a taxpayer's property.

Value property you own at its original cost.

Value property you rent at eight times the net annual rental rate, which is the annual rental rate paid less any rental rate received from subrentals.

The factor is computed by dividing the total value of your Michigan property on line 5 by the total value of all your property on line 8.

#### Payroll Factor

Payroll consists of wages paid during the tax year.

The payroll factor is equal to total wages paid in Michigan divided by the total wages paid everywhere, multiplied by the weighted factor. **Total payroll should equal the amount you entered on Form C-8000, line 12.**

For purposes of apportionment only, **wages** means wages as defined in IRC Section 3401.

Wages are considered paid in Michigan if:

1. the employee's service is performed entirely in Michigan;
2. the employee's service is performed in Michigan and in other states, but the service performed outside Michigan is incidental to the employee's service in Michigan;
3. some of the employee's service is performed in Michigan and the base of operations or the place from which the service is controlled is in Michigan; or
4. the base of operations or place from which the service is controlled is not in any state in which some part of the service is performed, but the individual's residence is in Michigan.

The factor is computed by dividing the wages paid in Michigan during the tax year on line 10 by the total wages paid everywhere on line 11.

#### Sales Factor

Sales include the amounts received by the taxpayer as consideration from the following:

- The transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax period, or property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business.
- Performance of services which constitute business activity.
- Rental, leasing, licensing, or use of tangible or intangible property which constitutes business activity.

Sales do not include dividends, interest, and royalties received by the taxpayer to the extent deducted from the taxpayer's tax base. For tax years beginning after 12/31/2000, sales also do not include royalties not deducted from the tax base if they are paid to a franchisor as consideration for the use outside the state of trade names, trademarks and similar intangible property.



The sales factor is equal to total sales in Michigan divided by the total sales everywhere, multiplied by a weighted factor.

Sales of **tangible personal property** are attributable to Michigan if the property is shipped or delivered to any purchaser within Michigan regardless of the free on board (F.O.B.) point or other conditions of the sales.

Sales **other than the sale of tangible personal property** are attributable to Michigan if:

- 1. the business activity is performed in Michigan;
- 2. the business activity is performed both in Michigan and in other states, but based on the cost of performance, a greater proportion is performed in Michigan; or
- 3. receipts are derived from services performed for planning, designing, or construction activities within Michigan.

The factor is computed by dividing the total Michigan sales on line 13 by the total sales everywhere on line 14.

**Example 1**

Factor	Column A		Column B		Column C
Property	10%	x	5%	=	0.5%
Payroll	10%	x	5%	=	0.5%
Sales	50%	x	90%	=	45%
					46%

Your apportionment percentage is 46%.  
Enter this percentage on line 16.

**FORMULAS FOR SPECIAL SITUATIONS**

**Fewer Than Three Factors**

If your business does not have three factors, i.e., if line 8, 11 or 14 is zero, you must reweight the factors to compute your apportionment percentage. To reweight, add the weighted percentages in column C for the factors you have; then add the weighting factors in column B for the factors you have. Divide the sum of column C by the sum of column B. Use this percentage to figure your apportioned tax base on Form C-8000, line 33. **See example 2.**

**Example 2**

Factor	Column A		Column B		Column C
Property	10%	x	5%	=	0.5%
Payroll	none				
Sales	50%	x	90%	=	45%
			95%		45.5%

45.5% ÷ 95% = 47.8947% (.478947).  
Enter this percentage on line 16.

**Transportation of Oil by Pipeline**

The apportionment percentage used for the transportation of oil by pipeline is based on barrel-miles. Enter on line 17 the barrel-miles transported in Michigan during the tax year. Enter on line 18 the total barrel-miles transported everywhere during the tax year. Divide line 17 by line 18. Use this percentage to figure your apportioned tax base on Form C-8000, line 33.

**Transportation of Gas by Pipeline**

The apportionment percentage used for the transportation of gas by pipeline is based on 1,000 cubic-foot miles. Enter on line 17 the 1,000 cubic-foot miles transported in Michigan during the tax year. Enter on line 18 the total 1,000 cubic-foot miles transported everywhere during the tax year. Divide line 17 by line 18. Use this percentage to figure your apportioned tax base on Form C-8000, line 33.

**Other Transportation Services**

The apportionment percentage used for other transportation services is based on revenue-miles. A **revenue-mile** means the transportation of one net ton of property or one passenger for the distance of one mile. For example: 40 tons x 100 miles = 4,000 revenue miles. Enter on line 17 the revenue-miles transported in Michigan during the tax year. Enter on line 18 the total revenue-miles transported everywhere during the tax year. Divide line 17 by line 18. Use this percentage to figure your apportioned tax base on Form C-8000, line 33.

If you transport both property and passengers, determine the portion subject to Michigan tax by first computing separate percentages, as described above, for property transported and for passengers transported. Then divide your gross receipts for each activity by the total gross receipts. Multiply the percentage of gross receipts by the transportation percentage. Sum the results of both calculations and use this percentage to figure your apportioned tax base on Form C-8000, line 33. **See example 3 on page 37.**

**Example 3: Formula for Transportation Services**

$$\begin{array}{rcl}
 \frac{\text{Michigan revenue-miles for property}}{\text{Total revenue-miles for property}} & \times & \frac{\text{Gross receipts for property}}{\text{Total gross receipts}} \\
 + & & \\
 \frac{\text{Michigan revenue-miles for people}}{\text{Total revenue-miles for people}} & \times & \frac{\text{Gross receipts for people}}{\text{Total gross receipts}} \\
 \hline
 = & \text{Your apportionment percentage} & 
 \end{array}$$

**Financial Organizations**

The apportionment percentage used by a financial organization is based on gross business. **Gross business** is the sum of:

1. fees, commissions or other compensation for financial services;
2. gross profits from trading in stocks, bonds, or other securities;
3. interest charged to customers for carrying debit balances of margin accounts without deduction of any costs incurred in carrying the accounts;
4. interest and dividends received; plus
5. any other gross income resulting from operations as a financial organization.

Enter on line 17 your gross business in Michigan during the tax year. Enter on line 18 the total gross business everywhere during the tax year. Divide line 17 by line 18. Use this percentage to figure your apportioned tax base on *Single Business Tax Annual Return* (Form C-8000), line 33.

**LINE-BY-LINE INSTRUCTIONS**

If 100 percent of your property and payroll are attributable to Michigan, you must show proof that substantial nexus has been created with another state. Please attach copies of returns filed with that state or a description of activity in that state to help us verify nexus.

*Lines not listed are explained on the form.*

**Lines 2, Account Number.** Enter the same account number used on page 1 of your annual return.

**Part 1, Computation of Apportionment Percentage.**

**Line 9.** Multiply the amount in column A by 5 percent and enter the total in column C.

**Note: The Commissioner of Revenue may require periodic averaging of property values during the tax year if this is reasonably required to reflect the average value of the filer's property.**

**Line 12.** Multiply the amount in column A by 5 percent and enter the total in column C.

**Line 15.** Multiply the amount in column A by 90 percent and enter the total in column C.

**Line 16.** Add the percentages in column C, lines 9, 12 and 15 to arrive at apportionment percentage. Use this percentage to apportion: (1) The tax base on Form C-8000, line 33, unless you have fewer than 3 factors or use a formula for a special situation, (2) The recapture of capital acquisition deduction on Form C-8000D, and (3) The capital investments and recapture on Form C-8000ITC.

**Part 2, Transportation Services, Financial Organizations, or Taxpayers Authorized to Use a Special Formula.**

**Lines 17-19.** Use these lines if you provide transportation services, are a financial organization or if you are authorized by the Revenue Commissioner to use a special formula, see *Formulas for Special Situations* on page 36. If you use these lines, attach a detailed explanation.

**Part 3, Capital Acquisition Apportionment**

*Complete this section only if you disposed of depreciable personal property that you acquired in a tax year beginning before October 1, 1989.*

**Line 23.** If you have both property and payroll factors, i.e., you entered amounts greater than zero on lines 8 and 11, divide line 22 by 2 to get the average percentage. If you have only one factor, enter the percentage shown on line 22.

Use this percentage to compute your recapture of capital acquisition deduction on Form C-8000D, line 11.

**Attach this schedule to your annual return.**

## INSTRUCTIONS FOR INVESTMENT TAX CREDIT

**Purpose:** To calculate an Investment Tax Credit (ITC) or an ITC recapture to be applied against the tax liability.

For tax years beginning after 1999, you may claim an ITC for a percentage of the net costs paid or accrued in a taxable year for qualifying tangible assets physically located in Michigan. The assets must be of a type that are or will become eligible for depreciation or amortization for federal income tax. Mobile tangible assets, wherever located, which would be subject to apportionment in the same manner as the tax base, and assets purchased or acquired for use outside the state and later moved into the state, also qualify for the ITC. The ITC must be taken before any other credit.

The Investment Tax Credit is calculated by multiplying net capital investments made in Michigan during the taxable year by an annualized percentage determined by dividing the SBT tax rate in effect for the year by the pre-1999 rate of 2.3%. The result is multiplied by a percentage based on adjusted gross receipts.

**The ITC is not available if a gross receipts reduction to the adjusted tax base is taken to arrive at the tax liability.** If your adjusted tax base is greater than 50% of the adjusted gross receipts, the adjusted tax base may be reduced by the excess on Form C-8000S. In addition, the Act allows you to reduce your adjusted tax base when the percentage of the tax base attributable to compensation exceeds 63%. If you elect this reduction, the ITC must also be reduced.

If you acquired depreciable real or personal property during the taxable year, or disposed of depreciable real or personal property that you acquired in a tax year beginning after December 31, 1999, complete this form and attach it to your annual return.

*Lines not listed are explained on the form.*

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

**PART 1, Capital Investments.** Use Part 1 to determine the total eligible capital investments for the tax year. If you need more space for any item, attach a separate sheet with appropriate information. This part should not be completed if a gross receipts reduction is taken.

**Line 3.** Enter the description, location, date acquired and the total cost paid or accrued of all eligible depreciable tangible assets located in Michigan that were acquired during the tax year.

**Line 5.** Enter the description, location, date physically located in Michigan and the federal adjusted basis as of the date moved, of all eligible depreciable tangible assets purchased or acquired for use outside of Michigan in a tax year beginning after December 31, 1996 that were moved into Michigan during the tax year for a business use. Do not include Mobile Tangible Assets. The cost is the federal

basis used for determining gain or loss as of the date the asset is physically located within the state.

**Line 7.** Enter the description, location, date acquired and the total cost paid or accrued for all depreciable mobile tangible assets that were acquired during the tax year, whether located in Michigan or outside Michigan.

**Mobile tangible assets** are all of the following:

- motor vehicles that have a gross vehicle weight rating of 10,000 pounds or more and are used to transport property or persons for compensation;
- rolling stock (railroad freight or passenger cars, locomotives, or other railcars), aircraft and watercraft used by the owner to transport property or persons for compensation or used by the owner to transport the owner's property for sale, rental or further processing; and
- equipment used directly in completion of, or in construction contracts for, the construction, alteration, repair or improvement of property.

**Line 9, Apportioned Mobile Tangible Assets.** If taxable in another state, multiply line 8 by the percentage from C-8000H, line 16 or 19, whichever is applicable.

**Line 10, Total Capital Investments.** Add lines 4, 6 and 8 or 9 whichever applies. This amount will be used to determine your Net Capital Investment on page 2, part 3.

**Line 11.** This figure is being requested for statistical purposes only. Collection of this information is authorized under MCL 208.80(3).

**PART 2, Recapture of Capital Investments.** Use Part 2 to compute the adjusted proceeds (proceeds include any benefit derived) from the disposition of depreciable real or personal property that you acquired in a tax year beginning after December 31, 1999 and the recapture for property moved out of state. If you need more space for any item, attach a separate sheet with appropriate information.

**Line 12, columns a through f.** Enter gross proceeds from all dispositions of **depreciable tangible assets located in Michigan** that were acquired or moved into Michigan after acquisition in a tax year beginning after December 31, 1999 and were sold or otherwise disposed of during the tax year. Give all the information required for each disposition in columns a-f.

**Line 13, columns e and f.** Enter the total gross proceeds in column e. In column f enter the total gain or loss included in your federal taxable income. Total gain is before capital gain deduction.

**Line 14, Adjusted Proceeds.** Subtract the total gain or add the total loss on line 13, column f, to the gross proceeds on line 13, column e. A loss on line 13, column f, will increase your recapture.

**Line 15.** Multiply line 13f by the percentage from Form C-8000H, line 16 or 19, whichever applies.

**Line 16, Apportioned Adjusted Proceeds.** If line 15 is a gain, subtract it from 13e. If line 15 is a loss, add it to 13e.

**Line 17.** Enter gross proceeds from all dispositions of **depreciable mobile tangible assets** that were acquired in a tax year beginning after December 31, 1999 and were sold or otherwise disposed of during the tax year. Give all the information required for each disposition in columns a-f.

**Line 18, columns e and f.** Enter the total gross proceeds in column e. In column f enter the total gain or loss included in your federal taxable income. Total gain is before capital gain deduction.

**Line 19, Adjusted Proceeds.** Subtract the total gain or add the total loss on line 18, column f, to the gross proceeds on line 18, column e. A loss on line 18, column f, will increase your recapture.

**Line 20, Apportioned Adjusted Proceeds.** Multiply line 19 by the percentage from Form C-8000H, line 16 or 19, whichever applies.

**Line 21.** Enter all the **depreciable tangible assets** other than mobile property acquired in tax years beginning after December 31, 1996 that were eligible for the Investment Tax Credit in tax years beginning after December 31, 1999 and were **transferred outside Michigan** during the tax year. Give all the information required for each disposition in columns a-e.

**Line 23, Total Recapture of Capital Investments.** If taxable only in Michigan, add lines 14, 19 and 22. If taxable in another state, add lines 16, 20 and 22.

### PART 3

**Line 24. Net Capital Investment.** Subtract line 23, Total Recapture of Capital Investments from line 10, Total Capital Investments. If a gross receipts reduction was taken, enter the amount from line 23 as a negative number.

### PART 4, Calculation of Investment Tax Credit

**Line 25.** Divide the current tax rate by 2.3% (.023). The current tax rate is the same as used on Form C-8000, line 43.

**Line 26.** Multiply the result of line 25 by the adjusted gross receipts percentage from the table below. Please indicate that percentage on the form.

INVESTMENT TAX CREDIT Adjusted Gross Receipts Percentage Table	
If adjusted gross receipts are	Use this percentage
\$1,000,000 or less	2.3% (.023)
\$1,000,001 - \$2,500,000	1.5% (.015)

\$2,500,001 - \$5,000,000	1.0% (.01)
\$5,000,001 and above	0.85% (.0085)

Adjusted gross receipts for the purpose of the ITC means gross receipts, apportioned or allocated to Michigan, plus recapture of the Capital Acquisition Deduction for assets acquired in tax years beginning before 1/1/2000 and the ITC recapture adjustments on line 23 of this form for assets acquired in tax years beginning after 12/31/99. Adjusted gross receipts must be annualized if the return is for a period of less than 12 months. Controlled groups must use the amount on *SBT Adjusted Gross Receipts for Controlled Groups* (Form C-8010AGR), line 6.

**Line 27, Investment Tax Credit.** Multiply line 26 by line 24, Net Capital Investments. If the result is a negative number, do not complete Part 5, go to Part 6.

**COMPLETE PART 5 ONLY IF A COMPENSATION REDUCTION WAS TAKEN ON SBT REDUCTIONS TO ADJUSTED TAX BASE (FORM C-8000S). IF A COMPENSATION REDUCTION WAS NOT TAKEN, GO TO PART 6.**

### PART 5, Compensation Reduction Adjustment to Investment Tax Credit.

**Line 28.** Divide the current tax rate by line 26. The current tax rate is the same as used on Form C-8000, line 43.

**Line 29.** Multiply line 28 by the percentage used on Form C-8000S, line 6. Please indicate that percentage on the form.

**Line 30, Reduction.** Multiply line 29 by line 27, Investment Tax Credit. This reduction cannot exceed the ITC reported on line 27. If this amount is greater than line 27, you are not eligible for this credit. Enter 0 on line 31.

**Line 31, Reduced Investment Tax Credit.** Subtract line 30 from line 27.

### PART 6, Determining Tax Liability.

**Line 32.** Enter the amount from Form C-8000, line 43, Tax Before All Credits.

**Line 33.** Enter the amount from either line 27 or 31, whichever applies.

**Line 35.** Add lines 33 and 34 and enter the total. If the total is a negative amount, your tax liability will increase.

**Line 36.** Enter the smaller of lines 32 or 35.

**Line 37, Tax Liability.** Subtract line 36 from line 32. If line 36 is a negative number, it must be added to line 32 to determine tax liability. This amount is entered on Form C-8000, line 44.

**Line 38, Credit Carryforward.** If the total of available credit on line 35 is greater than the tax liability on line 32, enter the difference here. This amount can be carried forward for 9 years from the year it was created.

# INSTRUCTIONS FOR C-8000KC

## SCHEDULE OF SHAREHOLDERS AND OFFICERS

**Purpose:** For all **corporations** to determine eligibility for the standard small business credit or alternate tax and for professional and S-corporations to determine which shareholders qualify for the increased exemption.

**Note:** For the purpose of computing the statutory exemption only, a member of an LLC is treated as a shareholder if the LLC is taxed as a corporation.

If you are filing as a corporation and claiming a statutory exemption, standard small business credit or are calculating the alternate tax, complete this form and attach it to your annual return to report:

- qualified shareholders for the increased statutory exemption.
- compensation and director fees of all shareholders for the computation of the statutory exemption.
- shareholders and officer qualifications for the small business credit or alternate tax.
- compensation and director fees of active shareholders and all officers for the computation of the small business credit or alternate tax.

*Lines not listed here are explained on the form.*

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

### Part 1, Line 3 (Columns A-M). Shareholders and Officers.

In column 3A, a through h, list and describe all shareholders and officers who:

- are employees of the corporation,
- are directors of the corporation, or
- own 20 percent or more of the stock of the corporation including those by attribution.

**Shareholder** means a person who owns outstanding stock in the business. An individual is considered as owning the stock owned, directly or indirectly, by or for family members as defined by IRC Section 318(a)(1). An **officer** of any corporation, **other than an S-corporation**, includes the chairperson of the board, president, vice-president, secretary and treasurer, or persons performing similar duties.

**Columns A and B:** Identify each officer and shareholder (including corporation and trust and those with ownership by attribution) by name and Social Security number. Corporations or trusts should be identified using federal employer identification number.

**Note:** Rules of attribution do not differentiate between an adult and a minor child (IRC Section 318(a)(1)).

**Column D:** Enter the percentage of each shareholder's time that is spent working in this business. This is used for the statutory exemption only.

**Column E:** Enter the percentage of outstanding stock each officer or shareholder owns. If a shareholder owned stock for a period less than the corporation's tax year, multiply that shareholder's percentage of ownership by the number of months owned and divide the result by the number of months in the corporation's tax year. **You must account for 100 percent of the stock.** If it is not accounted for, your return may be delayed.

**Column F:** Enter the percentage of outstanding stock each shareholder owns, including attribution of ownership from family members under IRC section 318(a)(1). The percentage of ownership in column F **must be greater than or equal** to the percentage of ownership in column E.

**Column G:** Enter the percentage of outstanding stock each shareholder owns, including attribution of ownership **only** from, or to, family members who are **not** active shareholders. See definition of active shareholders on the next page. For the purposes of determining disqualification, an active shareholder's share of business income is not attributed to another active shareholder.

**Note: Column G is the same as Column F, minus any attribution between two active shareholders. All columns should add up to at least 100 percent.**

### Example

*In this case, the husband and daughter are active shareholders. The wife and son are non-active because compensation, directors fees or dividends from the business are less than \$10,000.*

	% Stock		
	Column E	Column F	Column G
Husband (active)	40%	100% (all shareholders)	70% (husband, wife & son)
Wife (inactive)	10%	100% (all shareholders)	100% (all shareholders)
Son (inactive)	20%	70% (husband wife & son)	70% (husband, wife & son)
Daughter (active)	30%	80% (daughter, husband & wife)	40% (daughter, & wife)

**Column H:** Enter total dividends received by each shareholder during the tax year from this business (used to determine active shareholders). This includes regular distributions for an S-corporation.

**Column I:** Enter salaries, wages and director's fees from Form C-8000, line 12 that are attributable to each shareholder or officer.

**Column J:** Enter employee insurance payments and pensions from C-8000, lines 13 through 15, that are attributable to each shareholder or officer.

**Column L:** In determining share of business income, the Department of Treasury cannot attribute stock ownership between two active shareholders.

Multiply the amount on Form C-8000C, line 6 (sum of business income and losses) by the percentage in column G for each shareholder and enter the result in column L.

**Members of a controlled group or affiliated companies.** Multiply the percentage in column G by the sum of the following:

- business income on Form C-8000, line 11
- any capital loss carryover or carryback on Form C-8000, line 21.
- any net operating loss carryover or carryback on Form C-8000, line 22

Remember, percentages in column G must be equal to or greater than those in column E.

#### **Part 2, Lines 4 and 5, Statutory Exemption.**

**Line 4, Qualified Shareholders.** S-corporations and professional corporations, enter on line 4 the number of shareholders who qualify for the increased exemption. Enter the same number on Form C-8043, line 8a.

**A qualified shareholder:**

- is a shareholder of an S-corporation or professional corporation (PC), and
- is a full-time employee of the taxpayer or devotes at least 51 percent of his or her time to the business (column D = 51 percent or more), and
- owns, without attribution, at least 10 percent of the business (column E = 10 percent or more), and
- whose share of business income is at least \$12,000. Share of business income = compensation + share of business income determined without attribution.

For short-period returns or a part-year shareholder, the shareholder's business income must be annualized to meet this requirement. See page 6.

**Note:** A person cannot serve as a qualified shareholder in more than one business.

**Line 5, Compensation and Director's Fees of All Shareholders.** All corporations, regardless of type, should add the compensation and director's fees in column K for each shareholder showing ownership in column E and enter the result on Form C-8043, line 5.

**Note: You must complete the *SBT Statutory Exemption Schedule* (Form C-8043) to determine the allowable exemption.**

#### **Part 3, Lines 6 and 7. Small Business Credit.**

**Line 6, Compensation and Director's Fees of Active Shareholders.** Add compensation and director's fees in column K for each active shareholder and enter the result on line 6 and on Form C-8000C, line 7.

**An active shareholder:**

- is a shareholder of the corporation, *including through attribution*, and
- owns at least 5 percent of outstanding stock, *including through attribution*, (column F = 5 percent or more), and
- receives at least \$10,000 in compensation, director fees or dividends from the business (sum of columns H and K = \$10,000 or more).

For short-period returns or a part-year shareholder, the shareholder's compensation, director fees and dividends must be annualized to meet this requirement. See page 6 for complete annualization instructions.

#### **Line 7, Compensation and Director's Fees of Officers.**

Add the compensation and director's fees in column K for each officer who is **not** an active shareholder and enter the result on line 7 and on Form C-8000C, line 8.

Remember, officers of an S-corporation are not included in this calculation.

**Note: If you are filing the *Single Business Tax Simplified Return* (Form C-8044), enter the total of lines 6 and 7 on line 12 of that form.**

# INSTRUCTIONS FOR C-8000KP SCHEDULE OF PARTNERS

**Purpose:** For all **partnerships** to determine eligibility for the partnership's standard small business credit or alternate tax and which partners qualify for the increased exemption.

**Note:** For the purposes of computing the statutory exemption and the small business credit, a member of an LLC is treated as a partner if the LLC is taxed as a partnership.

For claiming an increased statutory exemption, a **qualified partner** is one who:

- spends at least 51 percent of his or her time working in the business, i.e., column C is 51 percent or more, **and**
- owns at least 10 percent of the business, i.e., column D is 10 percent or more, **and**
- has a share of business income in column E of at least \$12,000.

*Lines not listed here are explained on the form.*

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

## PARTNER IDENTIFICATION

**Part 1, line 3 (Columns A-E).**

**Column C:** Enter the percentage of each partner's time that is spent working in the business.

**Column D:** Enter the percentage of profits or capital interest of this partnership owned by each partner. If a partner owned this interest for a period less than the partnership's tax year, multiply that partner's percentage of ownership by the number of months owned and divide the result by the number of months in this partnership's tax year.

**Column E:** Enter each partner's distributive share of income, losses and deductions from U.S. 1065, *Schedule K-1*. See partnership business income on Worksheet 3, page 16, in this booklet. Each partner's distributed share includes guaranteed payments to partners. If any partner has a share of business income in column E of over \$115,000, the partnership is not eligible for the standard small business credit or the alternate credit.

## STATUTORY EXEMPTION

**Part 2, lines 4 and 5.**

**Line 5:** Enter the total number of partners who qualify for the increased exemption. Enter this same number on Form C-8043, line 8a.

For short-period returns or part-year partners, the partner's share of business income must be annualized to meet this requirement.

**Note:** A person cannot be a qualified partner or shareholder in more than one business.

***Example of Qualified Partners.** Business Income reported on Form C-8000, line 11, equals \$34,000, which includes guaranteed payments to partners of \$18,000. Guaranteed payments to partners are assigned to the appropriate partner, in this case \$9,000 each to partners A and B. Each partner's distributive share of the remaining income is then calculated based on the percentage of the partnership owned.*

Partners	%Time	%Own	Share
A	100	25	\$13,000
B	100	25	\$13,000
C	0	50	\$ 8,000

*Only partners A and B of this partnership qualify. Both A and B devote at least 51 percent of their time, own at least 10 percent of the business and have business income of at least \$12,000. Business income of A and B includes \$4,000 ordinary income plus \$9,000 guaranteed payments.*

**Attach this schedule to your return.**



# INSTRUCTIONS FOR C-8000MC

## MISCELLANEOUS CREDITS

**Purpose:** To allow eligible taxpayers to claim the Michigan Economic Growth Authority, Workers' Disability Supplemental Benefit, Apprenticeship, Enterprise Zone, Renaissance Zone, Michigan Historic Preservation, Low-grade Hematite Pellet and Brownfield credits. Review the descriptions carefully before claiming a credit as there are strict eligibility requirements. Follow the instructions on the form for each credit.

### PART A: Refundable Credits

**The Michigan Economic Growth Authority (MEGA) Employment Tax Credit** promotes economic growth and jobs in Michigan. Projects must be certified by MEGA. Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach your *Annual Tax Credit Certificate* to your return to substantiate your claim. Your credit will be disallowed if the certificate is not attached. For more information, call the Michigan Economic Development Corporation at 517-373-9808 or visit the MEDC Web site at: [medc.michigan.org](http://medc.michigan.org) and click on *The Michigan Advantage*.

**The Workers' Disability Supplemental Benefit (WDSB) Credit** is available to self-insured employers only for the amount authorized by the Department of Consumer and Industry Services during the tax year. The authorization date and the amount of credit are on the credit list (LW06401-Z04) given to you by the Department of Consumer and Industry Services. Attach a copy of the credit list(s) to your return to substantiate your claim. For more information on WDSB credit eligibility, call the Michigan Department of Consumer and Industry Services, Bureau of Workers Disability Compensation at 517-322-1879 or 1-888-396-5041 or visit the Michigan Department of Consumer and Industry Services Web site at: [www.cis.state.mi.us](http://www.cis.state.mi.us).

**The Apprenticeship Credit** encourages businesses to hire and provide training to qualified students. The credit equals 50 percent of the payroll expenses paid for the benefit of an apprentice in a qualified program *plus* 100 percent of the cost of classroom instruction and related expenses. Apprentices must be 16 - 19 years old and enrolled in either high school or a GED program. The maximum credit is \$2,000 annually per apprentice. To substantiate your claim, attach a copy of an approved federal *ETA 671* form to your return for each apprentice. For more information, call the U.S. Department of Labor, Bureau of Apprenticeship and Training at 517-377-1746.

**Additional Information:** Visit Michigan's School-to-Registered Apprenticeship System Web site at: [www.mdcd.org](http://www.mdcd.org) and click on Fact Sheets.

### PART B: Nonrefundable Credits

**The Enterprise Zone Credit** was created to encourage businesses to locate and expand in areas with high unemployment, low income, high property taxes and low property value. A certified business is eligible for a credit

equal to the amount of tax liability attributable to business activity in the enterprise zone for 10 years from the date that the business was certified. The only certified enterprise zone eligible for this credit is in Benton Harbor. No new applications are being accepted for this credit. Be sure to enter the street address or the parcel number of the property before you begin the calculation. For more information, request *Revenue Administrative Bulletin 1993-10* or call the Michigan Economic Development Corporation at 517-373-9808.

**The Michigan Economic Growth Authority (MEGA) Business Activity Tax Credit** promotes economic growth and jobs in Michigan. Projects must be certified by MEGA. Each year, approved businesses receive a certificate from MEGA showing the total amount of tax credit allowed. Attach your *Annual Tax Credit Certificate* to your return to substantiate your claim. Your credit will be disallowed if the certificate is not attached. If the credit exceeds your tax liability for the year, the difference may be carried forward for the next 10 tax years. For more information, call the Michigan Economic Development Corporation at 517-373-9808 or visit the MEDC Web site at: [medc.michigan.org](http://medc.michigan.org) and click on *The Michigan Advantage*.

**The Renaissance Zone Credit** encourages businesses and individuals to move into a designated zone to help revitalize the area. A business located and conducting business activity within a renaissance zone may claim a credit for tax years beginning after December 31, 1996. Be sure to enter the street address or the parcel number of the property before you begin the calculation. Any business activity related to a casino, including operating a parking lot, hotel, motel or retail store, cannot be used to calculate this credit.

A business is not eligible for this credit if, as of Dec. 31, of the prior tax year, they are delinquent in paying a property tax, single business tax or city income tax. You will be notified if a claimed credit is disallowed.

For more information on renaissance zones, contact the Michigan Economic Development Corporation at 517-373-9808 or 1-800-94-NO-TAX. Visit the MEDC Web site at: [medc.michigan.org](http://medc.michigan.org) and click on *The Michigan Advantage*. For information on the SBT credit, contact the Customer Contact Division, SBT Unit at 517-373-8030.

**The Michigan Historic Preservation Credit** provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate historic resources located in Michigan. For tax years beginning after December 31, 1998, a nonrefundable credit is available based upon the qualified expenditures made for rehabilitating an historic resource.



You must attach *Michigan Historic Preservation Tax Credit* (Form 3581) as well as all attachments requested on that form.

If you are assigning the credit, complete and attach *Michigan Historic Preservation Tax Credit Assignment* (Form 3614).

Forms are available from 1-800-FORM-2-ME (1-800-367-6263) or on the Michigan Department of Treasury Web site at: **[www.treasury.state.mi.us](http://www.treasury.state.mi.us)** Questions regarding federal and state certification may be directed to the State Historic Preservation Office at 517-373-1630.

**Additional Information:** The State Historic Preservation Office has a web page at: **[www.sos.state.mi.us/history/preserve/](http://www.sos.state.mi.us/history/preserve/)** Information about Federal Historic Preservation Tax Incentives is available at: **[www2.cr.nps.gov/](http://www2.cr.nps.gov/)**

**The Low-grade Hematite Pellet Credit** provides a credit equal to \$1.00 per long ton of qualified low-grade hematite pellets consumed in an industrial or manufacturing process that is the business activity of the taxpayer. This credit shall be based on low-grade hematite pellets consumed on or after January 1, 2000. If the credit exceeds your tax liability, the difference may be carried forward for the next 5 tax years.

**The Old Brownfield Credit** (MCL 208.38d) was available for tax years that began after December 31, 1996 and before January 1, 2001. The credit carryforwards from credits that were previously approved may still be applied against the current tax liability until the credit is used up or the 10-year limitation has been reached.

**The New Brownfield Credit** (MCL 208.38g) encourages businesses to make investment on eligible Michigan property that was used or is currently used for commercial, industrial, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted. Functionally obsolete or blighted property must be located in a qualified local governmental unit. For the purpose of the SBT credit, the local Brownfield Redevelopment Financing Authority designates eligible property in an approved brownfield plan.

For the credit to be valid, you must attach the *Certificate of Completion*, issued after completion of the approval process, to your return. If the credit is being assigned to you, attach documentation verifying the credit is valid.

If the credit exceeds your tax liability for the year, the difference may be carried forward for the next 10 tax years.

For more information on the approval process for the brownfield credit and copies of required forms see the Department of Treasury Web site at:

**[www.treasury.state.mi.us](http://www.treasury.state.mi.us)**

Forms are also available by calling 1-800-FORM-2-ME (1-800-367-6263).

## INSTRUCTIONS FOR C-8000S REDUCTIONS TO ADJUSTED TAX BASE

**Purpose:** To allow you to reduce your adjusted tax base by excess compensation or gross receipts.

If either of the following applies to you, you may reduce your tax base before figuring your tax.

1. Total compensation from Form C-8000, line 16, comprises more than 63 percent of your tax base.
2. Adjusted tax base from Form C-8000, line 40, is greater than 50 percent of gross receipts plus recapture.

The Investment Tax Credit (ITC) is not available if a gross receipts reduction to the adjusted tax base is taken to arrive at the tax liability. However the recapture of capital investments must still be added back.

If you reduce your adjusted tax base when the percentage of the tax base attributable to compensation exceeds 63%, the ITC must also be reduced. Calculate your tax using both options and claim a reduction to the adjusted tax base and/or an ITC based on whichever is most advantageous.

Carry all percentages to six decimal places. Do not round percentages. For example 24.154256 percent becomes 24.1542 percent (.241542).

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

### **Part 1, Compensation Reduction.**

**Lines 3 - 8.** Compute the percentage of your tax base that is attributable to compensation, then compute the amount by which you can reduce your adjusted tax base. If your tax base is made up of more than 63 percent compensation, you may reduce your adjusted tax base by the percentage that is more than 63 percent. For example, if 70 percent of your tax base is made up of compensation, you may reduce your adjusted tax base by 7 percent (70 - 63). Complete Part 2 also to determine which method is to your advantage.

### **Part 2, Gross Receipts Reduction.**

**SHORT-METHOD FILERS COMPLETE LINES 9 - 14 ONLY.** The maximum SBT any filer pays is equal to the tax rate times one-half of your adjusted gross receipts. Short-method filers should enter the amount from line 14 on Form C-8000, line 42, and indicate the Gross Receipts Reduction method on line 41.

**Lines 9 -15.** Compute 50 percent of your apportioned gross receipts plus recapture of the capital acquisition deduction. You may reduce your adjusted tax base by the amount that is in excess of this calculation.

### **Part 3, Summary**

**Line 16.** You may use only one method to reduce your adjusted tax base. Compare the amounts on lines 8 and 15. If you wish to claim a reduction, enter the larger amount here and on Form C-8000, line 41.

*Attach this schedule to your return.*

**INSTRUCTIONS FOR C-8009**  
**ALLOCATION OF STATUTORY EXEMPTION, STANDARD SMALL**  
**BUSINESS CREDIT AND ALTERNATE TAX FOR**  
**MEMBERS OF CONTROLLED GROUPS**

**Purpose:** To supplement the C-8000C and the C-8043 for members of controlled groups.

All controlled groups, including affiliated groups, controlled groups of corporations and entities under common control, must complete this schedule to allocate the statutory exemption and calculate the standard small business credit or alternate tax.

**Controlled groups** are affiliated groups of corporations as defined in the SBT Act or controlled groups of corporations as defined in IRC Section 1563.

An **affiliated group** is two or more corporations, one of which owns or controls, directly or indirectly, 80 percent or more of the capital stock of the other corporation(s) with voting rights.

**Entities under common control** are two or more trades or businesses, whether or not incorporated, under common control as defined in the Internal Revenue Service Regulation 1.414(c). This includes parent-subsidiary, brother-sister or combined groups of corporations. See RAB 1989-48 for further information.

An entity must be included in a controlled group if it was a member of the group for at least one half of the days of the entity's taxable year.

**Exception:** Groups of corporations that have received approval and are filing a consolidated SBT annual return do not need to file this schedule unless there are members of the controlled group not included in the consolidated filing.

If the group files a consolidated SBT return, compute the small business credit or alternate tax on a consolidated basis using Form C-8000C.

Controlled groups as defined in the IRC are not eligible for the standard small business credit or alternate tax unless the business activities of the entities are consolidated, whether or not a consolidated SBT return is filed. This means the gross receipts, adjusted business income and tax base of **all** members of the group must be combined to determine eligibility and to compute this credit.

Only members who have no activity in Michigan are excluded from this calculation.

If the combined gross receipts exceed \$10 million or the combined adjusted business income after loss adjustment exceeds \$475,000 or any one individual, partner, officer or shareholder, including corporate

shareholders, has allocated income after loss adjustment of more than \$115,000 from any one member of the group, the group is not eligible for the credit.

**Note:** For the purposes of computing the statutory exemption and the small business credit, a member of an LLC is treated as a partner if the LLC is taxed as a partnership. For the purpose of computing the statutory exemption only, a member of an LLC is treated as a shareholder if the LLC is taxed as a corporation.

If claiming either the alternate credit or the standard small business credit, each member must calculate its tax before credits on Form C-8000.

**Note:** If you are a member of an affiliated group, a controlled group of corporations or an entity under common control, the group must sum its members' adjusted gross receipts on Form C-8010AGR to determine if members of the group need to file. For this purpose you do not include members whose adjusted gross receipts are less than \$100,000 as these members are not required to file an SBT return.

**However, members whose adjusted gross receipts are less than \$100,000 must include their business activity when figuring the small business credit on the C-8009. For these members, report *Tax After Investment Tax Credit* on lines 12 and 22 as zero.**

**Attach a copy of this schedule** to each member's C-8000 claiming a statutory exemption, standard small business credit or alternate tax.

All members must choose the same credit calculation, either standard or alternate.

**SMALL BUSINESS CREDIT ELIGIBILITY**

The standard small business credit and the alternate tax are **not** available to members of a controlled group if any of the following conditions exist:

- **combined** gross receipts on line 11, column D, over \$10 million;
- **combined** adjusted business income on line 10, column D, minus loss adjustment, over \$475,000;
- a member of the group is an individual (sole proprietor) or fiduciary with business income, minus loss adjustment, over \$115,000.
- a member of the group has a partner with distributive share of business income, minus loss adjustment, (member's C-8000KP, column E) over \$115,000; or

- a member of the group has a shareholder or officer with allocated income, minus loss adjustment, over \$115,000. Allocated income is computed on Form C-8000KC.

A reduction to the small business credit is required if an individual, a partner in a partnership, or a shareholder or officer of a corporation has allocated income, after loss adjustment, between \$95,000 and \$115,000.

Where the allocated income, after loss adjustment, is between \$95,000 and \$115,000 for any member of a controlled group, the reduction percentage will apply to all members of the controlled group. This reduction is based on the individual/partner/officer/shareholder with the largest allocated income.

**If a member of the group has a tax year less than 12 months**, its gross receipts, adjusted business income and share of business income must be annualized to determine eligibility and to compute the small business credit. If annualized gross receipts exceed \$9 million but do not exceed \$10 million, you must complete Part 6. See page 6 for complete annualizing instructions.

**Loss Adjustment.** If you are not eligible for the full small business credit or the alternate tax calculation due to an adjusted business income or allocated income disqualifier, you may benefit from the *SBT Loss Adjustment Worksheet* on page 25. If your adjusted business income was less than zero in any of the five years immediately preceding the tax year for which you are claiming a credit and you received a small business credit for that same year, you may adjust for the loss. The loss adjustment for adjusted business income purposes must be based on the group's combined numbers. However, since the disqualifiers for individual/partner/shareholder are made on an entity basis, you must calculate a separate entity loss adjustment for those purposes. A loss adjustment will not affect a reduction to the small business credit based on gross receipts that exceed 9 million. It will also not change the amount of allocated income on Form C-8000KC, Column K for a C-corporation.

### CONTROLLED GROUPS THAT HAVE MEMBERS WITH DIFFERENT TAX YEARS

Each member's business activities attributable to its tax year ending within the 2001 calendar year are consolidated on this form to allocate the statutory exemption and determine standard small business credit or alternate tax. **This determination cannot be made**

**until the end of the latest tax year in the group.**

Members with earlier tax years may:

1. request an extension; or
2. file the SBT returns without claiming either the statutory exemption or the small business credit.

Determine the exemption allocation and credit when the member having the latest year end completes its tax year. Other members must then amend their returns to claim any exemption or credit. **The total credit cannot be allocated to the return with the latest year end.**

### LINE-BY-LINE INSTRUCTIONS

*Lines not listed are explained on the form.*

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

**Part 1, Member Identification.** Enter in the appropriate column the name, year end, FEIN and organization type of each member. When completing the rest of this form, use the lower case letter, i.e., a, b, c, etc., to the left of each name to refer to a member. If you need more space, attach a schedule identifying additional members with consecutive letters.

#### Part 2, Statutory Exemption.

One statutory exemption is allowed to a controlled group, affiliated group or a group of entities under common control. Allocate the exemption to members using any method agreeable to all members.

Members whose adjusted gross receipts are less than \$100,000 are not required to use any portion of the statutory exemption, but must include their business activity when figuring the small business credit.

Enter on line 4 the portion of the statutory exemption that is allocated to each member. Use the amount allocated to calculate the allowable exemption for each member on Form C-8043.

**Part 3, Adjusted Business Income.** Business income is adjusted by loss carry forwards and carry backs from your *Single Business Tax Annual Return* (Form C-8000), and by compensation and directors' fees of active shareholders and officers from Form C-8000KC.

**Part 4, Alternate Tax for Small Businesses.** The alternate tax computation is a simplified way of computing your SBT while still allowing a small business credit. Calculate an alternate tax credit for the group. Each member's share of alternate credit is based on the ratio of its tax liability before credits to total combined tax liability before credits. Compute your tax

using both the alternate tax and the standard small business credit and file using the method to the group's advantage. All members must use the same method.

**Line 16b.** If the allocated income after loss adjustment is more than \$95,000 but not more than \$115,000 for any member of a controlled group, multiply line 16a by the percentage from the table on page 22 and enter the result on line 16b.

**Line 17.** Subtract line 16a or 16b, whichever is applicable, from line 12 and enter the result on line 17.

**Part 5, Standard Small Business Credit.** Use this section to determine the group's standard small business credit. Calculate a combined credit percentage for the group. This percentage is then used to calculate each entity's standard small business credit.

**Line 23b.** If the allocated income after loss adjustment is more than \$95,000 but not more than \$115,000 for any member of the controlled group, enter the percentage from the table on page 22 and multiply line 23a by that amount. Enter the result on line 23b.

**Line 24.** Subtract line 23a or 23b, whichever is applicable, from line 22 and enter the result on line 24.

**Part 6, Gross Receipts Reduction.** Complete this section only if your combined gross receipts are more than \$9 million but not more than \$10 million. Annualize for tax periods less than 12 months.

**Part 7.** If you are claiming contribution credits, enter this amount on Form C-8000C, line 27. If not, enter this amount on Form C-8000, line 45.

**Remember:** The group must choose either the alternate tax or the standard small business credit. All members must use the same calculation.

## INSTRUCTIONS FOR C-8010AGR

### SBT ADJUSTED GROSS RECEIPTS FOR CONTROLLED GROUPS

**Purpose:** To determine the adjusted gross receipts for a controlled group to establish a filing requirement and for the calculation of the Investment Tax Credit (ITC).

All members of an affiliated group, a controlled group of corporations, or an entity under common control must complete this form.

**Controlled groups** are affiliated groups of corporations as defined in the SBT Act or a controlled group of corporations as defined in IRC Section 1563.

An **affiliated group** is two or more corporations, one of which owns or controls, directly or indirectly, 80 percent or more of the capital stock of the other corporation(s) with voting rights.

**Entities under common control** are two or more trades or businesses, whether or not incorporated, under common control as defined in the Internal Revenue Service Regulation 1.414(c). This includes parent-subsidiary, brother-sister or combined groups of corporations. See RAB 1989-48 for further information.

An entity must be included in a controlled group if it was a member of the group for at least one half of the days of the entity's taxable year.

Each member's business activities attributable to its tax year ending within the 2001 calendar year are consolidated on this form.

Adjusted gross receipts must be annualized if the return is for a period less than 12 months.

#### Filing Requirements

If you are a member of an affiliated group, a controlled group of corporations or an entity under common control, the group must sum its members' adjusted gross receipts to determine if members of the group need to file an SBT return. Do not include members whose adjusted gross receipts are less than \$100,000.

Adjusted gross receipts for this purpose are apportioned gross receipts, plus recapture of the capital acquisition deduction.

#### Investment Tax Credit

For tax years beginning after 1999, an ITC may be claimed for a percentage of the net costs paid or accrued in a taxable year for qualifying tangible assets physically located in Michigan. The assets must be of a type that are or will become eligible for depreciation or amortization for federal income tax. Mobile tangible assets, wherever located, which would be subject to apportionment in the same manner as the tax base, and assets purchased or acquired for use outside the state and later moved into the state, also qualify for the ITC.

A member of an affiliated group, a controlled group of corporations, or an entity under common control must also determine adjusted gross receipts for purposes of the ITC

percentage on a consolidated basis. Include all members whether or not they are required to file a return.

Adjusted gross receipts for the purpose of the ITC are apportioned gross receipts, plus recapture of the capital acquisition deduction, plus the ITC recapture adjustments.

#### Line-By-Line Instructions

*Lines not listed are explained on the form.*

**Line 2, Federal Employer ID No. (FEIN) or TR No.** Enter the same account number used on page 1 of your annual return.

**Line 3, a-m.** Enter the FEIN and name of each member of the group. If you need more space, attach a schedule identifying additional members with consecutive letters.

**Column 3-A, Gross Receipts or Apportioned Gross Receipts.** Enter each member's gross receipts or apportioned gross receipts, whichever applies.

**Column 3-B, Capital Acquisition Deduction Recapture.** Enter each member's CAD Recapture from Form C-8000D, line 19.

**Column 3-C, Adjusted Gross Receipts for Filing Requirement.** Enter the total of columns 3-A and 3-B for each member.

**Column 3-D, Investment Tax Credit Recapture.** Enter each member's Total Recapture of Capital Investments from Form C-8000ITC, line 23.

**Column 3-E, Investment Tax Credit Adjusted Gross Receipts.** Enter the total of columns 3-C and 3-D for each member.

**Line 4, column C and E.** Total columns 3-C and 3-E down.

**Line 5, Adjusted Gross Receipts to Determine the Filing Requirement for the Controlled Group.** Enter the amount from line 4C. **Do not include members whose adjusted gross receipts are less than \$100,000 in the total.**

**Note:** If the sum of all of the members adjusted gross receipts are \$250,000 or more on line 5, all members with adjusted gross receipts of \$100,000 or more in column 3C must file an annual return. Members with adjusted gross receipts of less than \$100,000 are not required to file.

**Line 6, Adjusted Gross Receipts For The Group, To Be Used For The Investment Tax Credit Calculation.** Enter the amount from line 4E. **Include all members.** This amount will determine the Investment Tax Credit adjusted gross receipts percentage allowed for credit purposes. See *SBT Investment Tax Credit* Form C-8000ITC, and instructions.

## INSTRUCTIONS FOR C-8020 PENALTY AND INTEREST COMPUTATION FOR UNDERPAID ESTIMATED TAX

**Purpose:** To compute penalty and interest for underpaying, late filing or late payment of quarterly estimates. *If you prefer not to file this form, Treasury will compute any applicable penalty and interest and bill you.*

**Note:** Penalty and interest for late filing or late payment on the annual return is computed separately. See "How Do I Compute Penalty and Interest" on page 8.

Estimated returns and payments are required from any taxpayer who expects an annual SBT liability of more than \$600. Exceptions are listed below. If you owe estimated tax and your estimated return with full payment is not filed or is filed late, a penalty of 5 percent of the tax per month, to a maximum of 50 percent, will apply. If you made no estimated tax payments and none of the exceptions below apply to you, compute the interest due (Part 2) and the penalty for non-filing (Part 3).

If an estimated return is filed with an insufficient payment, a 10 percent negligence penalty or 25 percent intentional disregard penalty may apply. If your estimated tax payments are underpaid and none of the exceptions below apply to you, compute the interest for underpayment in Part 2. If the 10 percent negligence penalty or 25 percent intentional disregard penalty applies, Treasury will bill you.

### Exceptions

If any of the conditions listed below apply to you, you do not need to file this form or pay penalty and interest. If your business operated less than 12 months in the preceding year, annualize your figures to determine if the exceptions apply. See page 6 for complete annualizing instructions.

1. The annual tax on your current annual return is \$600 or less.
2. You had business activity in Michigan in the preceding tax year, but reported no tax liability.
3. You had business activity in Michigan in the preceding tax year, but were not required to file an annual return for SBT. **Note:** By filing a *Notice of No SBT Return Required* (Form C-8030) for the preceding tax year, you may avoid unnecessary penalty and interest.
4. Your estimated quarterly payments reasonably approximate the tax liability incurred for each quarter, and the total of all payments equals at least 85 percent of your annual liability. Complete the annualization

worksheet if your liability is not evenly distributed through your tax year.

5. Your estimated quarterly payments reasonably approximate the tax liability incurred for each quarter, and the total of all payments equals at least 1 percent of the gross receipts for the tax year. Complete the annualization worksheet if your liability is not evenly distributed through your tax year.
6. You are a farmer, fisher or seafarer and file *Single Business Tax Annual Return* (Form C-8000) by March 1 or a tentative annual return with your payment by January 15 and your final annual return on or before April 15.
7. The sum of your estimated payments equals the annual tax on the preceding year's return providing these payments were made in four timely equal payments, or 12 if paid on your SUW returns, and the preceding year's tax was \$20,000 or less.

### LINE - BY - LINE INSTRUCTIONS

*Lines not listed are explained on the form.*

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

#### Part 1, Estimated Tax Required for the Year.

**Line 4.** Enter 85 percent of the annual tax amount on line 3. If your preceding year's tax was less than \$20,000 (annualize if less than 12 months), enter the smaller of the preceding year's tax or 85 percent of line 3.

**Line 5. Payment Due Dates.** Enter the due date for each quarterly return. For calendar-year filers these dates are April 30, July 31, October 31 and January 31. For fiscal-year filers, these dates are four, seven, 10 and 13 months after the start of your fiscal year. Payment is due on the last day of the month.

**Line 6.** Divide the amount of the estimated tax required for the year on line 4 by 4 and enter this as your estimated tax for each quarter. If your business operated less than 12 months, divide by the number of quarterly returns required and enter this as your estimated tax for each quarter.

**Actual Quarterly Tax.** If you compute quarterly tax based on the actual tax base for each quarter, enter the tax from line 30 of the annualization worksheet. The total of the four computed amounts cannot be less than 85 percent of the current year tax liability.

**Line 7.** Complete column A only. Enter the amount of

prior year overpayment credited to your current year tax estimates.

**Line 8. Amount Paid.**

Column A	Enter estimated payments made by the due date for the first quarterly return.
Column B	Enter payments made after the due date in column A and by the due date in column B.
Column C	Enter payments made after the due date in column B and by the due date in column C.
Column D	Enter payments made after the due date in column C and by the due date in column D.

If quarterly payments are made after the due date, penalty and interest will apply until the payment is received. If less than full payment is made with a late filing, you will need to compute multiple penalty and interest calculations for each column. Attach a separate schedule if necessary.

**Part 2, Figuring the Interest.**

Compute the interest due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the interest amount is different for each quarter.

**Line 17.** Enter the due date of your next quarter or the date the tax was paid, whichever is earlier. In column D, enter the earlier of the due date for your annual return or the date the tax was paid. An approved extension does not change the due date of the annual return (column D) for this computation.

**Part 3, Figuring the Penalty.**

Compute the penalty for non-filing of the required estimated tax payments in this section. However, if you made any estimated tax payments, or there was a credit available from a prior quarterly return, do not compute the penalty on that quarter. Treasury will review the estimates filed and, if necessary, bill you for the appropriate penalty on the underpayment of estimates.

**Avoiding Penalty and Interest**

If you had business activity in Michigan in 2001 and your 2001 tax is \$20,000 or less, you can avoid paying penalty and interest in 2002 by using your 2001 tax as the basis for your 2002 estimates. Divide your 2001 tax by 4, e.g.,  $\$20,000 \div 4 = \$5,000$ , and pay that amount on the 2002 quarterly due dates. You may also divide by 12 and pay that amount with your monthly sales, use or withholding tax payment. If you had business activity in Michigan in 2001 but reported no tax liability or were not required to file a 2001 return, you can still use your 2001 tax as the basis for filing your 2002 estimates. In this case, your 2001 tax liability would have been zero, so quarterly payments would not be required for 2002.

If your previous year was less than 12 months, annualize the previous year's tax liability to determine if estimates are due and the amount due. See page 6 for complete annualizing instructions.

**ANNUALIZATION WORKSHEET**

You may use the annualization worksheet to determine the amount of estimates due when your income is not evenly distributed through the tax year.

Each column represents a quarterly 3-month filing period.

The annualization worksheet essentially leads you through the steps required to calculate the actual single business tax due for the tax year to date. The net tax liability is then annualized and multiplied by the percentage of estimates required for that quarter.

**Line 16. Tax Rate.** Refer to Important Information for 2001 to determine the tax rate that applies to your tax year end. The tax rate for a 12-month return ending December 31, 2001 is 2.0 percent.

**Line 30. Estimate Requirements by Quarter.** The totals for line 30, columns A, B, C, and D, must equal 85 percent of the current year tax liability on page 1, line 3, of Form C-8020.

*Attach this schedule to your return.*



# INSTRUCTIONS FOR C-8030

## NOTICE OF NO SBT RETURN REQUIRED

**This form can now be filed on the Internet. See the Michigan Department of Treasury Web site at: [www.treasury.state.mi.us](http://www.treasury.state.mi.us)**

**Purpose:** To notify Treasury that your tax situation does not require you to file an *SBT Annual Return*.

This notice does not constitute a return, and does not affect the statutory limitation period for refunds or assessments.

If you are registered for SBT and your adjusted gross receipts are less than \$250,000, you may file this form to notify Treasury that you do not need to file an annual return. ***If you expect this situation to continue***, check box 8 and we will make your SBT account inactive. You will not receive future forms and instruction mailings. You will not need to file any future SBT forms unless your adjusted gross receipts become \$250,000 or more.

If you are a member of an affiliated group, a controlled group of corporations or an entity under common control, the group must sum its members' adjusted gross receipts on Form C-8010AGR to determine if members of the group need to file. Do not include members whose adjusted gross receipts are less than \$100,000; these members are not required to file an SBT return and can discontinue their accounts by contacting the Treasury Registration Section at 517-373-0888. Attach Form C-8010AGR if applicable.

**Note:** You must file a complete annual return (C-8000 or C-8044) instead of this form if any of the following conditions exist.

- Your adjusted gross receipts are \$250,000 or more.
- You are due a refund (see below).
- You are reporting a business loss or an ITC.
- You are using a business loss carry forward from preceding year(s).

**Refunds.** If you need to claim a refund of payments made, you may file a *Single Business Tax Simplified Return* (Form C-8044) even if you don't meet the qualifying criteria listed for that form. If you are apportioning gross receipts, reporting a business loss or using a business loss carry forward, file a *Single Business Tax Annual Return* (Form C-8000) to claim your refund.

### LINE-BY-LINE INSTRUCTIONS

*Lines not listed are explained on the form.*

**Line 1, Taxable Year.** If you operate on a fiscal year, enter the beginning and ending dates, month and year, of your annual accounting period. For periods less than 12 months, enter the beginning and ending dates that correspond to the taxable period you reported to the IRS.

**Line 3, Account Number.** Use your federal employer identification number (FEIN) or the Michigan Treasury (TR) number assigned. Be sure the same account number is used on all attached forms.

**Line 4, Gross Receipts.** Use the checklist on page 11 as a guide to be sure you have totalled your receipts correctly. Use the worksheet on page 16 to determine your gross receipts.

If your tax year is less than 12 months, you must annualize your gross receipts to see if you are eligible to file this form. To annualize, multiply your gross receipts by 12 and divide by the number of months in which you had business activity. Enter this amount on line 4 and write **annualized** above it. See page 6 for full annualizing instructions.

**Line 5, Recapture of Capital Acquisition Deduction.** If during the tax year you disposed of any depreciable real or personal property purchased in a tax year beginning before January 1, 2000, or moved outside of Michigan depreciable property purchased in a tax year beginning after December 31, 1996 and before January 1, 2000, enter your recapture of capital acquisition deduction from Form C-8000D.

**Line 7, Business Income.** Use the worksheet on page 16 to determine your business income.

**Line 8.** Check this box if your adjusted gross receipts are less than \$250,000 and you expect this situation to continue, or if you have discontinued. If you check this box, your SBT account will become inactive and you will not receive future forms and instruction mailings. If, during the course of doing business, your adjusted gross receipts become \$250,000 or more, you must contact the Treasury Registration Section at 517-373-0888 and begin filing returns.

**Line 9.** Check this box if you do not want a book mailed to you in the future. We will remove your name from our mailing list.

**Reminder:** You must sign and date this form. If someone else has prepared this C-8030 they must also sign and date it.

**Mail this form and all applicable schedules to:**

**Michigan Department of Treasury  
P.O. Box 30059  
Lansing, MI 48909**

## INSTRUCTIONS FOR C-8043 STATUTORY EXEMPTION SCHEDULE

**Purpose:** To compute the allowable statutory exemption.

**Note:** For most filers, the statutory exemption is available only if business income is less than \$67,500. For most corporations, the statutory exemption is available only if the sum of business income, federal loss carryover and carry backs and compensation/director's fees of all shareholders is less than \$67,500.

For the purposes of computing the statutory exemption and the small business credit, a member of an LLC is treated as a partner if the LLC is taxed as a partnership. For the purpose of computing the statutory exemption only, a member of an LLC is treated as a shareholder if the LLC is taxed as a corporation.

The statutory exemption cannot be used to increase a business loss to the next year or to offset adjusted tax base, as determined on line 36 of your *Single Business Tax Annual Return* (Form C-8000) before you report the use of the loss carryovers on Form C-8000, line 37. An unused statutory exemption cannot be carried forward.

The statutory exemption will be reduced by \$2 for each \$1 that line 6 exceeds the amount of the exemption on line 13.

*Lines not listed are explained on the form.*

**Line 2, Account Number.** Enter the same account number used on page 1 of your annual return.

**Line 3.** Enter your business income from Form C-8000, line 11.

- **Individuals, Fiduciaries, Partnerships and Limited Liability Companies** - may average their income before computing their statutory exemption. If you choose to average your business income, complete *SBT Statutory Exemption/Business Income Averaging* (Form C-8000G). Enter the amount from the C-8000G, line 9, here. Be sure to check the box on Form C-8000, line 40a, to indicate that you have averaged your income.

**Note:** Business income averaging is used only to figure the statutory exemption. Do not use it as the current year business income on any form.

**Line 5.** Enter the amount from Form C-8000KC, line 5. Corporations claiming a statutory exemption or a small business credit must complete *SBT Schedule of Shareholders and Officers* (Form C-8000KC) to determine compensation and directors' fees of all shareholders. S-corporations and professional corporations must use C-8000KC to determine qualified shareholders for the additional exemption.

**Line 7.** Enter \$45,000 unless you are a member of a controlled group. If you are a member of a controlled group and claim an allocated statutory exemption, you must attach *SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups* (Form C-8009) to your SBT return. A controlled group is entitled to only one statutory exemption, which is allocated on the C-8009. Controlled groups must enter the amount from the C-8009, line 4.

**Lines 8 through 10.** Complete these lines to increase the statutory exemption for the number of qualified partners or shareholders. Enter the amount from *SBT Schedule of Partners* (Form C-8000KP), line 5, or the amount from *SBT Schedule of Shareholders and Officers* (Form C-8000KC), line 4.

**Note:** The increased statutory exemption is only available to S-corporations and professional corporations. It is not available to other types of corporations.

**Lines 11 and 12.** Complete these lines if you had business activity for a period of less than 12 months.

**Line 16.** Enter here and on your *Single Business Tax Annual Return* (Form C-8000), line 39. If line 16 is negative, enter zero.

**Attach this schedule to your annual return.**

## Certified Community Foundations and Component Funds

A component fund serves donors and nonprofit organizations in a specific geographic area as a restricted fund of a neighboring community foundation. The following are certified for the Community Foundations Credit for 2001.

- |   |  |
|---|--|
| 01 Albion Community Foundation                      | Ionia County Community Foundation                    |
| 51 Alger Regional Community Foundation              | Sparta Community Foundation                          |
| 56 Allegan County Community Foundation              | Wyoming Community Foundation                         |
| 63 Anchor Bay Community Foundation                  | 46 Grand Traverse Regional Community Foundation      |
| 02 Ann Arbor Area Community Foundation              | Otsego Community Foundation                          |
| 49 Baraga County Community Foundation               | 48 Gratiot County Community Foundation               |
| 58 Barry Community Foundation                       | 18 Greater Frankenmuth Area Community Foundation     |
| 17 Battle Creek Community Foundation                | 37 Greenville Area Community Foundation              |
| Athens Area Community Foundation                    | Montcalm Panhandle Community Fund                    |
| Homer Area Community Foundation                     | 43 Hillsdale County Community Foundation             |
| Springfield Community Foundation                    | 60 Huron County Community Foundation                 |
| 03 Bay Area Community Foundation                    | 21 Jackson County Community Foundation               |
| Arenac County Fund                                  | 22 Kalamazoo Community Foundation                    |
| 04 Berrien Community Foundation                     | South Haven Community Foundation                     |
| 45 Branch County Community Foundation               | 67 Keweenaw Community Foundation                     |
| Colon Community Foundation Fund                     | 23 Leelanau Township Community Foundation            |
| 36 Cadillac Area Community Foundation               | 62 Lenawee Community Foundation                      |
| Missaukee County Community Foundation               | 55 Livonia Community Foundation                      |
| 64 Canton Community Foundation                      | 25 M & M Area Community Foundation                   |
| 06 Capital Region Community Foundation              | 65 Mackinac Island Community Foundation              |
| Eaton County Community Foundation                   | 24 Manistee County Community Foundation              |
| 66 Central Montcalm Community Foundation            | 39 Marquette Community Foundation                    |
| 44 Charlevoix County Community Foundation           | Greater Ishpeming Area Community Foundation          |
| 41 Community Foundation for Delta County            | Negaunee Area Community Foundation                   |
| 28 Community Foundation for Muskegon County         | 26 Marshall Community Foundation                     |
| Mason County Foundation                             | 05 Michigan Gateway Community Foundation             |
| Oceana County Community Foundation                  | 27 Midland Area Community Foundation                 |
| 29 Community Foundation for Northeast Michigan      | 42 Mt. Pleasant Area Community Foundation            |
| North Central Michigan Community Foundation         | Clare County Community Fund                          |
| Straits Area Community Foundation                   | Shepard Community Foundation                         |
| Iosco County Community Foundation                   | 68 Northville Community Foundation                   |
| 09 Community Foundation for Southeastern Michigan   | 47 Petoskey-Harbor Springs Area Community Foundation |
| Community Foundation for Livingston County          | 30 Saginaw Community Foundation                      |
| Chelsea Community Foundation                        | 61 Sanilac County Community Foundation               |
| 10 Community Foundation of Greater Flint            | 70 Sault Area Community Foundation                   |
| Clio Area Community Fund                            | 71 Shelby Community Foundation                       |
| Fenton Community Fund                               | 31 Shiawassee Community Foundation                   |
| Flushing Community Foundation                       | 57 Southfield Community Foundation                   |
| Grand Blanc Community Foundation                    | 74 Sterling Heights Community Foundation             |
| Lapeer County Community Fund                        | 40 Sturgis Area Community Foundation                 |
| 19 Community Foundation of Greater Rochester        | Constantine Area Community Fund                      |
| 11 Community Foundation of Monroe County            | White Pigeon Community Foundation                    |
| The Bedford Foundation                              | 62 Tecumseh Community Fund Foundation                |
| 35 Community Foundation of St. Clair County         | 32 Three Rivers Area Foundation                      |
| 20 Community Foundation of the Holland/Zeeland Area | 72 Troy Community Foundation                         |
| 50 Dickinson County Area Community Foundation       | 73 Tuscola County Community Foundation               |
| Norway Affiliate Fund                               | 54 Upper Peninsula Community Foundation Alliance     |
| 69 Farmington Hills Community Foundation            | Bois Blanc Island Community Foundation               |
| 13 Four County Community Foundation                 | Forest Park Area Community Fund                      |
| 14 Fremont Area Foundation                          | Gogebic County Area Community Foundation             |
| Lake County Community Foundation                    | Les Chenaux Area Community Fund                      |
| Mecosta County Community Foundation                 | Paradise Area Community Fund                         |
| Osceola County Community Foundation                 | St. Ignace Area Community Foundation                 |
| 15 Grand Haven Area Community Foundation            | Schoolcraft County Community Foundation              |
| Allendale Community Foundation                      | Taquamenon Falls Area Community Foundation           |
| Coopersville Area Foundation                        | Watersmeet Area Community Fund                       |
| 16 Grand Rapids Community Foundation                | West Iron County Area Community Fund                 |
| Hudsonville Community Foundation                    |  |

**QUICK REFERENCE GUIDE TO FORMS\* AND  
SCHEDULES REQUIRED UNDER CERTAIN CONDITIONS**

<b>Condition:</b>	<b>Form to use</b>
Business activity taxable in another state	C-8000H
Business Income Averaging for Individuals, Partnerships, Fiduciaries & LLCs	C-8000G
Controlled Groups:	
Calculate Adjusted Gross Receipts	C-8010AGR
Small Business Credit/Alternate Tax (also attach)	C-8009
Statutory Exemption	C-8009
Credits:	
Apprenticeship	C-8000MC
Brownfield	C-8000MC
Community Foundation	C-8000C
Enterprise Zone	C-8000MC
Historic Preservation	C-8000MC
Homeless Shelter/Food Bank	C-8000C
Investment Tax Credit	C-8000ITC
Low-Grade Hematite Pellet	C-8000MC
Michigan Economic Growth Authority Business Activity Tax (MEGA)	C-8000MC
Michigan Economic Growth Authority Employment Tax (MEGA)	C-8000MC
Public Contribution	C-8000C
Public Utility Property Tax	C-8000C
Renaissance Zone	C-8000MC
Small Business/Alternate Tax	C-8000C
Controlled groups also attach	C-8009
Corporations also attach	C-8000KC
Loss Adjustment Worksheet, attach if needed	3307
Partnerships also attach	C-8000KP
Unincorporated	C-8000 or C-8044
Workers Disability Supplemental Benefit (WDSB)	C-8000MC
Extension of time to file Michigan tax returns	4
Penalty and interest for underpayment, late filing or late payment of estimates	C-8020
Recapture of Capital Acquisition Deduction	C-8000D
Reductions to adjusted tax base, excess compensation or gross receipts	C-8000S
Statutory Exemption	C-8043
Controlled groups also attach	C-8009
Partnerships also attach	C-8000KP
Professional Corporations also attach	C-8000KC
S-corporations also attach	C-8000KC

\*See page 5 for filing of annual returns.

**ORGANIZATION TYPE REFERENCE GUIDE**

	Organization Type						
	Individual	Fiduciary	Professional Corp.	S-corporation	Other Corp.	Partnership/ LLC-Partnership	Limited Liability Co.-Corp
Annualize if less than 12 months	N	N	Y	Y	Y	Y	Y
Prorate Statutory Exemption	Y	Y	Y	Y	Y	Y	Y
Business Income Averaging	Y	Y	N	N	N	Y	Y
Contribution Credits							
Community Foundation	*	*	Y	Y	Y	Y	Y
Homeless Shelter/Food Bank	*	*	Y	Y	Y	Y	Y
Public Contribution	N	N	Y	Y	Y	Y	Y
Public Utility	N	N	Y	Y	Y	N	N
Unincorporated	Y	Y	N	Y	N	Y	Y
File Consolidated (with prior approval)	N	N	Y	Y	Y	N	N
Increase Statutory Exemption	N	N	Y	Y	N	Y	N

\*Yes, if not claiming under Section 261 of the Income Tax Act

## INDEX

Additions to business income .....	12	Extensions, applications for (Form 4) .....	71
Adjusted gross receipts, definition of .....	4	Federal changes affecting SBT return, see "How Do I Amend My Return?" .....	7
Adjusted gross receipts for controlled groups, determine .....	61	Fiduciaries .....	5
Adjusted tax base, reductions to, compute on C-8000S .....	53	Financial organization expenses .....	13
Affiliated group .....	57	Gross receipts	
Allocated income .....	19	Checklist .....	11
Allowable actions, by organization type .....	74	Worksheet, to determine .....	16
Alternate tax .....	19	Investment Tax Credit, calculate on Form C-8000ITC ..	39
Annualize gross receipts .....	6	Loss Adjustment Worksheet .....	25
Apportionment formulas for taxpayers taxable in other states, calculate on C-8000H .....	33	Loss carryover/carryback .....	13
Business activity		No SBT Return Required (Form C-8030) .....	67
Definition of .....	4	Partners, qualify for statutory exemption (Form C-8000KP) .....	47
In another state, report on C-8000H .....	33	Penalty and interest	
Business Income		Compute on Form C-8020 for underpayment of estimates .....	63
Averaging for statutory exemption, compute on C-8000G .....	31	For failure to file .....	8
Worksheets, to determine .....	16	Person, definition of .....	4
Capital Investments .....	39	Recapture of Capital Acquisition Deduction (Form C-8000D) .....	27
Compensation payments, definition of .....	12	Recapture of Capital Investments .....	40
Consolidated/combined returns, who may file .....	7	Reduced Credit Table .....	22
Controlled groups .....	11	Reductions to adjusted tax base, compute on Form C-8000S .....	53
Credits, to claim		Revenue Administrative Bulletins .....	76
Apprenticeship .....	49	Royalties .....	12 & 13
Brownfield .....	50	S-corporations	
Community Foundations Credit .....	22	Tax credit table .....	15
Certified Community Foundation Codes .....	73	Qualified shareholders, report on Form C-8000KC .....	43
Enterprise Zone Credit .....	49	Safe harbor leases .....	12
Historic Preservation Tax Credit .....	50	Schedules, which to use .....	74
Homeless Shelter/Food Bank Credit .....	22	Shareholders	
Investment Tax Credit .....	39	Compensation/income, report on Form C-8000KC .....	43
Low-Grade Hematite Pellet .....	50	Exemption .....	14
Michigan Economic Growth Authority .....	49	Short-period .....	6
Public Contribution Credit .....	22	Small business credit/alternate tax, compute on Form C-8000C .....	21
Public Utility Property Tax Credit .....	22	Statutory exemption schedule, compute on Form C-8043 .....	69
Renaissance Zone .....	50	Subtractions from business income .....	13
Small business credit/alternate tax .....	21	Tax base, adjustments to .....	13
Unincorporated/S-corporation tax credit .....	15	Who must file? .....	4
WDSB .....	49		
Employee, definition of .....	12		
Entities under common control, definition of .....	11		
Exempt from Single Business Tax .....	5		

## **Revenue Administrative Bulletins**

Number	Title
2001-06	List of Certified Community Foundations for Tax Year 2001, Single Business Tax Credit and Income Tax Credit
2001-04	Single Business Tax Foreign Trucking
2001-03	Interest Rate
2001-02	Single Business Tax Base for a Foreign Person
2000-06	Withdrawal of Letter Rulings
2000-05	Michigan Tax Treatment of Federal Qualified Subchapter S Subsidiary (QSub) Election
1999-11	Industrial Restructuring Alternative Sales Factor Apportionment
1999-10	Single Business Tax Foreign Tax Base Retroactivity
1999-9	Effect of Federal Entity Classification Election on Michigan Taxes
1998-1	Single Business Tax Nexus Standards
1996-4	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1995-10	Income Tax - Single Business Tax Community Foundation Credit Extended
1995-4	Penalty Provisions
1994-12	Single Business Tax and Individual Income Tax Treatment of an Election Under Internal Revenue Code Section 338
1994-1	Challenge of Assessment, Decision or Order Limited by Statute
1993-14	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1993-10	Enterprise Zone Act. Sales and Use Tax Exemptions and Single Business Tax Credit
1992-10	Income and Single Business Taxes - Credit for Cash Donations to Eligible Shelters for the Homeless, Food Kitchens and Food Banks
1992-3	Single Business Tax, Capital Acquisition Deduction.
1990-35	Single Business Tax Treatment of Terminated Pension Plans
1989-54	Single Business Taxation of Real Estate Mortgage Investment Conduits (REMICs)
1989-51	Single Business Tax, Small Business Credit and Statutory Exemption for Part-Year Shareholders/Partners
1989-49	Single Business Tax, Consolidated or Combined Reporting
1989-48	Single Business Tax, Entities Under Common Control
1989-47	Single Business Tax, Agriculture Exemption
1989-38	Officer Liability
1987-6	Single Business Tax Estimates

## **Treasury Offices**

### **Main Office**

#### **LANSING, 48922**

Treasury Building  
430 W. Allegan St.  
517-373-8030 1-800-367-6263 (forms)  
Deaf, hearing or speech impaired persons  
may call 517-373-9419 (TTY)

### **Other Offices**

Detroit Office will be moving. We anticipate this move to be effective in May 2002. After April 2002, please call 1-800-487-7000 to verify the location prior to visiting the office.

*Effective January - April 2002*

#### **DETROIT, 48226**

State of Michigan Plaza Building  
1200 6th St., 2nd Floor, N. Tower

*Effective May 2002*

#### **DETROIT, 48202-6060**

Cadillac Place, Suite 2-200  
3060 W. Grand Blvd.

#### **ESCANABA, 49829**

State Office Building, Room 7  
305 Ludington St.  
(open 8 - 12 only)

#### **FLINT, 48502**

State Office Building, 7th Floor  
125 E. Union St.

#### **GRAND RAPIDS, 49503**

State Office Building, 3rd Floor  
350 Ottawa St., NW

#### **MARQUETTE, 49855**

1055 W. Baraga  
(open for forms only)

#### **SAGINAW, 48607**

State Office Building, 1st Floor  
411-I E. Genesee St.  
(open for forms only)

#### **STERLING HEIGHTS, 48314**

41300 Dequindre, Suite 200

#### **TRAVERSE CITY, 49684**

701 S. Elmwood Ave., Box 14  
(open 8 - 12 only)